

1 State of Arkansas
2 95th General Assembly
3 Regular Session, 2025
4

A Bill

SENATE BILL 412

5 By: Senator J. Boyd
6 By: Representative McClure
7

For An Act To Be Entitled

8
9 AN ACT TO AMEND THE INCOME TAX DEDUCTIONS FOR MOVING
10 AND TRAVEL EXPENSES; TO AUTHORIZE THE DEPARTMENT OF
11 FINANCE AND ADMINISTRATION TO SET THE PER-MILE AMOUNT
12 FOR THE INCOME TAX DEDUCTION FOR TRAVEL AND
13 TRANSPORTATION EXPENSES BY PROCLAMATION; AND FOR
14 OTHER PURPOSES.
15

Subtitle

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17
18 TO AUTHORIZE THE DEPARTMENT OF FINANCE
19 AND ADMINISTRATION TO SET THE PER-MILE
20 AMOUNT FOR THE INCOME TAX DEDUCTION FOR
21 TRAVEL AND TRANSPORTATION EXPENSES BY
22 PROCLAMATION.
23

24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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26 SECTION 1. Arkansas Code § 10-3-309(b)(1)(B), concerning the items not
27 included in the definition of "rule" as used in relation to the legislative
28 review and approval of state agency rules, is amended to add an additional
29 subdivision to read as follows:

30 (vi) A proclamation issued by the Secretary of the
31 Department of Finance and Administration under § 26-51-423(a)(2).
32

33 SECTION 2. Arkansas Code § 25-15-202(9)(B), concerning the items not
34 included in the definition of "rule" under the Arkansas Administrative
35 Procedure Act, is amended to add an additional subdivision to read as
36 follows:



1 (ix) A proclamation issued by the Secretary of the
 2 Department of Finance and Administration under § 26-51-423(a)(2).

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 4 SECTION 3. Arkansas Code § 26-51-403(b)(8), concerning deductions from
 5 gross income, is amended to read as follows:

6 (8) Deductions for moving expenses, as set forth in § ~~26-51-~~
 7 ~~423(a)(4)~~ 26-51-423(a)(1)(C);

8
 9 SECTION 4. Arkansas Code § 26-51-423(a), concerning income tax
 10 deductions for expenses, is amended to read as follows:

11 (a)(1) In computing net income, there shall be allowed as deductions
 12 the following expenses:

13 ~~(1)(A)~~ Business Expenses. All of 26 U.S.C. § 162, except
 14 subsection (n), as in effect on January 1, 2019, regarding trade or business
 15 expenses, is adopted for the purpose of computing Arkansas income tax
 16 liability;

17 ~~(2)(B)~~ Medical and Dental Expenses. Title 26 U.S.C. §
 18 213, as in effect on January 1, 2011, is adopted in computing the medical and
 19 dental expense deduction under the state income tax law; and

20 ~~(3) Travel Expenses. In determining travel expenses deductible~~
 21 ~~as a business expense in computing net income as provided under subdivision~~
 22 ~~(a)(1) of this section, the deduction for vehicle miles shall be determined~~
 23 ~~by the Secretary of the Department of Finance and Administration under his or~~
 24 ~~her regulatory authority in § 26-18-301; and~~

25 ~~(4)(C)~~ Moving Expenses. Title 26 U.S.C. § 217, as in
 26 effect on January 1, 2011, regarding the deduction of moving expenses, is
 27 adopted for the purpose of computing Arkansas income tax liability.

28 (2)(A) In determining travel and transportation expenses
 29 deductible under this subsection in computing net income, the amount of the
 30 per-mile deduction for vehicle miles shall be determined by proclamation of
 31 the Secretary of the Department of Finance and Administration.

32 (B) The amount of the per-mile deduction allowed under
 33 this subsection shall not exceed one dollar (\$1.00) per mile.

34 (C) The secretary shall:

35 (i) Set the amount of the per-mile deduction allowed
 36 under this subsection as close to the amount of the per-mile deduction for

1 vehicle miles most recently established by the Internal Revenue Service as is
2 fiscally responsible without causing an undue hardship on taxpayers; and
3 (ii) Issue a proclamation under subdivision
4 (a)(2)(A) of this section no later than thirty (30) days after the per-mile
5 deduction for vehicle miles established by the Internal Revenue Service is
6 changed.

7
8 SECTION 5. Arkansas Code § 26-51-423(c)(3), concerning income tax
9 deductions for expenses for a self-employed taxpayer, is amended to read as
10 follows:

11 (3) Any amount paid by the taxpayer for insurance to which this
12 subsection applies shall not be taken into account in computing the amount
13 allowable to the taxpayer as a deduction under subdivision ~~(a)(2)~~ (a)(1)(B)
14 of this section.

15
16 SECTION 6. Arkansas Code § 26-51-423(g)(1), concerning income tax
17 deductions for expenses, is amended to read as follows:

18 (g)(1) A deduction pursuant to subdivision (a)(1)(A) of this section
19 for interest or intangible-related expenses paid by the taxpayer to a related
20 party shall be allowed only if:

21 (A) The interest or intangible-related income received by
22 the related party is subject to income tax imposed by the State of Arkansas,
23 another state, or a foreign government that has entered into a comprehensive
24 income tax treaty with the United States;

25 (B) The interest or intangible-related income received by
26 the related party was received pursuant to:

27 (i) An “arm’s length” contract or at an “arm’s
28 length” rate of interest; and

29 (ii) A transaction not intended to avoid the payment
30 of Arkansas income tax otherwise due;

31 (C) The taxpayer and the secretary enter into a written
32 agreement prior to the due date of the taxpayer’s Arkansas income tax return:

33 (i) Authorizing the taxpayer to take the deduction
34 for the tax year at issue; or

35 (ii) Requiring the use of an alternative method of
36 income apportionment by the taxpayer for the tax year at issue; or

1 (D) During the taxable year, the related party recipient
 2 of interest or intangible-related income, in a location not described in
 3 subdivision (g)(1)(A) of this section, a “non-tax location”:

4 (i) Operates an active trade or business in the non-
 5 tax location;

6 (ii) Has a minimum of fifty (50) full-time-
 7 equivalent employees in the non-tax location;

8 (iii) Owns real or tangible personal property with a
 9 fair market value in excess of one million dollars (\$1,000,000) located in
 10 the non-tax location; and

11 (iv) Has revenues generated from sources within the
 12 non-tax location in excess of one million dollars (\$1,000,000).
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14 SECTION 7. Arkansas Code § 26-51-437(b)(1) and (2), concerning the
 15 itemized deductions not included in the definition of "miscellaneous itemized
 16 deductions", are amended to read as follows:

17 (1) The deduction allowed under § 26-51-423(a)(1)(A) relating to
 18 expenses in carrying on a trade or business. However, employee business
 19 expenses which are not reimbursed by the employer are miscellaneous itemized
 20 deductions;

21 (2) The deduction allowed under § ~~26-51-423(a)(2)~~ 26-51-
 22 423(a)(1)(B) relating to medical, dental, drug, and related healthcare
 23 expenses;
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26 **APPROVED: 4/14/25**
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