



**State of Arkansas  
Department of Finance and Administration  
Fiscal Impact Statement**

**Bill: SB503**

**Bill Subtitle: TO REDUCE THE NUMBER OF EMPLOYEES AN EMPLOYER MUST HAVE TO BE MANDATED TO FILE AN ANNUAL INCOME TAX WITHHOLDING STATEMENT ELECTRONICALLY; AND TO REQUIRE THE ELECTRONIC FILING OF A WITHHOLDING RETURN FOR CERTAIN EMPLOYERS.**

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**Sponsors:**

**Sen. Crowell and Rep. Eaton**

**Basic Change:**

SB503 amends § 26-51-909 to reduce the number of employees required for electronic filing of annual withholding tax statements from 125 employees to 75 employees. SB503 allows the Department of Finance and Administration (DFA) to waive the electronic filing requirement upon a showing of undue hardship by the employer. The new electronic filing threshold is effective for tax years beginning on or after January 1, 2025.

SB503 also requires that an employer who must file its annual withholding statement electronically must also file its withholding return electronically. SB503 allows DFA to waive the electronic filing requirement upon a showing of undue hardship by the employer. The requirement to electronically file the withholding return is effective for tax years beginning on or after January 1, 2026.

**Fiscal Impact:**

None.

**Taxpayer Impact:**

Beginning with the 2025 tax year, the annual withholding statement will be required to be filed electronically provided that the statement covers 75 or more employees. If a taxpayer is required to file the annual withholding statement electronically, the taxpayer will also be required to file its withholding return electronically. The taxpayer may request a waiver of the electronic filing requirement from DFA.

**Resources Required:**

None.

**Time Required:**

Adequate time is allowed for implementation.

**Procedural Changes:**

Department websites and staff training manuals will need to be updated to account for the changes.

**Other Comments:**

None.



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**Legal Analysis:**

None.