

Income/Franchise:

Arkansas: New Law Adopts Market-Based Sourcing, Bright-Line Nexus Standard, and Alternative Apportionment Provisions

S.B. 567, signed by gov. 4/16/25. Recently enacted legislation contains several tax-related measures, including adopting market-based sourcing of receipts from sales other than tangible personal property for tax years beginning on and after January 1, 2026, with a permitted transition period for certain telecommunication, internet, and television related businesses by allowing them the option to elect the cost of performance sourcing method until December 31, 2035. The legislation also adds a “bright-line” nexus threshold of \$250,000 in annual receipts (*i.e.*, for the current or immediately preceding tax year) for nonresident corporations and partnerships, as well as includes provisions for alternative apportionment when the applicable standard apportionment method does not fairly represent a taxpayer’s in-state business activity.

URL: <https://arkleg.state.ar.us/Bills/Detail?id=sb567&ddBienniumSession=2025%2F2025R&Search=>

See recently issued Multistate Tax Alert for more details on these tax law changes, and please contact us with any questions.

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