FREE REFERENCE

Arkansas business taxes, explained for 2026

Small businesses in Arkansas register with the state revenue agency for income tax withholding and sales tax, and with the Arkansas Division of Workforce Services for unemployment tax. Arkansas has income tax rates from 2% to 3.9%, a 6.5% state sales tax and a $7,000 unemployment wage base for 2026.

QUICK FACTS

- **Income tax.** Income tax rates from 2% to 3.9% for 2026
- **Sales tax.** 6.5% state rate, about 9.48% combined with local
- **Unemployment.** Employers pay Arkansas unemployment tax on the first $7,000 of each worker's 2026 wages

What taxes does a small business pay in Arkansas?

Most Arkansas businesses deal with four: federal and state payroll taxes once they hire, sales tax if they sell taxable items, income tax on profit, and the state's annual report or franchise filing for an LLC or corporation, filed with the Secretary of State.

How do I register for payroll taxes in Arkansas?

Before your first payroll in Arkansas:

1. Get a federal EIN and enroll in EFTPS for federal deposits.
2. Open a Arkansas withholding account with the Arkansas revenue agency, so you can withhold and pay state income tax.
3. Register for unemployment insurance with the Arkansas Division of Workforce Services. For 2026, the tax applies to the first $7,000 of each employee's wages, at a rate the state sets for new employers and then adjusts to your history.
4. Report each new hire to Arkansas's new hire registry, usually within 20 days.

Our state payroll registration guide explains each step, and our payroll service handles it for you.

General information, not tax advice for your situation.

Do I need a Arkansas sales tax permit?

If you sell taxable goods or services in Arkansas, yes. Register with the Arkansas revenue agency before your first taxable sale. Out-of-state sellers need one once they pass Arkansas's economic nexus threshold.

SALES TAX IN ARKANSAS, MIDYEAR 2026	RATE
State rate	6.5%
Average local rate	2.98%
Average combined rate	9.48%
Highest local rate	6.13%

The state sets how often you file. Our sales tax permit guide covers what to have ready, and the sales tax calculator adds tax to a price.

How does Arkansas tax business owners?

Profit from a sole proprietorship, LLC, partnership or S-Corp passes through to the owners, who pay Arkansas income tax on it at the personal rates: income tax rates from 2% to 3.9%. Arkansas allows a standard deduction of $2,470 single and $4,940 joint and exemption credits of $29 single and $58 joint.

Estimate yours with the Arkansas income tax calculator.

Where are Arkansas's tax forms and refund status?

- Arkansas tax forms
- Arkansas revenue agency
- Arkansas refund status
- Arkansas Division of Workforce Services

Every state's links are on our state tax forms page.

Which calculators work for Arkansas?

- Arkansas paycheck calculator: take-home pay after every deduction
- Arkansas income tax calculator: your 2026 state income tax
- Payroll cost calculator: what a hire costs you, with Arkansas unemployment

Common questions

Do I need a sales tax permit in Arkansas?
Yes, if you sell taxable goods or services there. Register with the Arkansas revenue agency before your first taxable sale.

What is the Arkansas unemployment wage base for 2026?
$7,000. Employers pay Arkansas unemployment tax on that much of each employee's wages, at a rate the state assigns.

Does Arkansas have a state income tax?
Yes. Arkansas has income tax rates from 2% to 3.9% for 2026.

Who runs payroll taxes in Arkansas?
The Arkansas revenue agency handles income tax withholding, and the Arkansas Division of Workforce Services handles unemployment tax.

Want payroll handled?

We set it up, run it and file the returns. Book a free 30-minute call at eminenttax.com/contact or call (972) 347-4590.

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