

State of Arkansas
95th General Assembly
Regular Session, 2025

A Bill

HOUSE BILL 1708

By: Representatives Underwood, A. Brown, McCollum, B. McKenzie, Pilkington, Rose

For An Act To Be Entitled

AN ACT TO CREATE THE KEEP THE BONUS, AXE THE TAX: THE NO-TAX BONUS ACT; TO EXEMPT A BONUS FROM INCOME TAX; AND FOR OTHER PURPOSES.

Subtitle

THE KEEP THE BONUS, AXE THE TAX: THE NO-TAX BONUS ACT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. DO NOT CODIFY. Title.

This act shall be known and may be cited as the "Keep the Bonus, Axe the Tax: The No-Tax Bonus Act".

SECTION 2. Arkansas Code Title 26, Chapter 51, Subchapter 3, is amended to add an additional section to read as follows:

26-51-317. Bonuses.

(a) As used in this section, "bonus" means a payment made to an employee that:

- (1) Is in addition to the employee's regular or overtime wages;
- (2) Is nonrecurring;
- (3) Does not increase the employee's base rate of pay; and
- (4) Includes no commitment for payment in a subsequent year.

(b) A bonus is exempt from the income tax levied under this chapter.

SECTION 3. EFFECTIVE DATE. Section 1 of this act is effective for tax years beginning on or after January 1, 2026.

