

Apprenticeship Tax Credit

The State of Arkansas provides incentives to companies that employ apprentices by offering employer tax credits. Companies who participate in USDOL Registered Apprenticeship (RA) programs are eligible for a tax credit of up to \$2,000 per apprentice up to a maximum amount of \$10,000 per year, or 10% of the wages earned in a taxable year. The amount of credit claimed may not exceed the amount of individual or corporate tax due. Unclaimed credits may be carried forward two consecutive tax years after the initial credit is established.

Documents Needed to Receive an Apprenticeship Tax Credit

Employer Agreement*

Tax ID Number

Annual Wage Form**

Employee W-2 Form

Apprentice Agreement* (671)

*Click on these forms to download a sample of what is required.

**This form is obtained from DFA, after the company submits their Employer Agreement and Tax ID Number.

Step-by-Step Process to Receiving an Apprenticeship Tax Credit

To claim these benefits the Office of Skills Development (OSD) can help.

1 SUBMIT

Submit the Employer Agreement, Tax ID, & mailing address to DFA: Taxcredits@dfa.arkansas.gov

Follow the process to the right, each step is explained and links to the required forms are above. For more information you can visit the DFA website regarding special tax credits:

2 RECEIVE

DFA sends the employer further instructions and the Annual Wage Form

3

Complete & submit all forms, including Employee W-2, Apprentice Agreement (671), & the Annual Wage Form to DFA

<https://www.dfa.arkansas.gov/excise-tax/tax-credits-special-refunds/business-incentives-and-credits/>

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DFA reviews documentation and issues an income tax memorandum stating credit amount & applicable years.

If you have additional questions please call the Arkansas Department of Finance Administration (DFA) at 501-682-7106 or Office of Skills Development (OSD) at 501-682-1360.