Stricken language would be deleted from and underlined language would be added to present law. Act 1284 of the Regular Session

1	State of Arkansas	As Engrossed: H3/20/13	
2	89th General Assembly	A Bill	
3	Regular Session, 2013		HOUSE BILL 1866
4			
5	By: Representative Kerr		
6			
7	For An Act To Be Entitled		
8	AN ACT CONCERNING THE COMPUTATION OF INCOME TAX; TO		
9	ADOPT CURRENT INTERNAL REVENUE CODE PROVISIONS		
10	CONCERNING THE COMPUTATION OF INCOME TAX WHEN A		
11	TAXPAYER RESTORES AN AMOUNT HELD UNDER A CLAIM OF		
12	RIGHT; ANI	D FOR OTHER PURPOSES.	
13			
14			
15		Subtitle	
16	TO A	DOPT CURRENT INTERNAL REVENUE CODE	
17	PROVISIONS CONCERNING THE COMPUTATION OF		
18	INCO	ME TAX WHEN A TAXPAYER RESTORES AN	
19	AMOU	NT HELD UNDER A CLAIM OF RIGHT.	
20			
21			
22	BE IT ENACTED BY THE (GENERAL ASSEMBLY OF THE STATE OF ARKANS	AS:
23			
24	SECTION 1. Arka	ansas Code Title 26, Chapter 51, Subcha	pter 4, is
25	amended to add an add	itional section to read as follows:	
26	<u>26-51-457. Cla</u>	<u>im of right.</u>	
27	<u>(a) Title 26 U</u>	.S.C. § 1341(a)(1)-(3) and (b)(2), as t	hey existed on
28	January 1, 2013, regarding the computation of income tax when a taxpayer		
29	restores a substantial amount held under a claim of right, is adopted for		
30	purposes of computing income tax <i>liability under this chapter</i> .		
31	(b)(1) Title 26 U.S.C. § 1341(a)(4) and (5), (b)(1), and (b)(3)-(5),		
32	concerning the methods of calculating the deduction authorized under 26		
33	U.S.C. § 1341 and special rules for net operating losses and capital losses,		
34	<u>are not adopted.</u>		
35	(2) For the purpose of computing income tax when a taxpayer		
36	<u>restores a substantia</u>	l amount held under a claim of right un	der this section:



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1	(A) The tax imposed under this chapter is calculated for			
2	the taxable year by allowing a deduction in the tax year the taxpayer			
3	restores the amount held under a claim of right; and			
4	(B) Net operating losses and capital losses are calculated			
5	and deducted under §§ 26-51-427 and 26-51-815.			
6	(c) The Director of the Department of Finance and Administration may			
7	promulgate rules to administer this section.			
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9	SECTION 2. EFFECTIVE DATE. This act is effective for tax years			
10	beginning on or after January 1, 2013.			
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15	/s/Kerr			
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18	APPROVED: 04/16/2013			
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