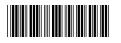
Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1	State of Arkansas 87th General Assembly A Bi	11	
2			1540
3	Regular Session, 2009	HOUSE BILL	1549
4	Der Dermonstative Maans		
5	By: Representative Moore		
6			
7 8	For An Act To	Re Entitled	
9	AN ACT TO CLARIFY TIME LIMI		
10	ASSESSMENT OR A REFUND OF INCOME TAX AFTER A		
11	TAXPAYER RECEIVES A CORRECTION OR CHANGE IN THE		
12	AMOUNT OF TAXABLE INCOME FROM THE INTERNAL		
13	REVENUE SERVICE; TO CLARIFY		
14	INCLUDED IN AN ASSESSMENT C		
15	CORRECTION OF INCOME BY THE INTERNAL REVENUE		
16	SERVICE; AND FOR OTHER PURE		
17			
18	Subtit	le	
19	TO CLARIFY TIME LIMITATI	ONS AND ISSUES	
20	INVOLVED IN ASSESSMENTS		
21	AFTER A TAXPAYER RECEIVE	S A CORRECTION	
22	OF INCOME FROM THE INTER	NAL REVENUE	
23	SERVICE.		
24			
25			
26	BE IT ENACTED BY THE GENERAL ASSEMBLY OF	THE STATE OF ARKANSAS:	
27			
28	SECTION 1. Arkansas Code § 26-18-3	D6(b), pertaining to changes and	
29	corrections to taxable income made by the	Internal Revenue Service, is	
30	amended to read as follows:		
31	(b)(1) Notwithstanding the provisi	ons of subsection (a) of this	
32	section, if the amount of taxable income	or taxable estate for a taxpayer	for
33	any year, as returned to the United State	s Treasury Department, is change	d
34	and corrected by the Commissioner of Inte	rnal Revenue or any officer of t	he
35	United States of competent authority, the	taxpayer, within ninety (90) da	ys
36	from the receipt of the notice and demand	for payment by the Internal Rev	enue



Service, must report to the director the corrected federal tax, taxable
 income, or taxable estate for the taxable period covered by the change on an
 amended Arkansas income tax return.

4 (2)(A) If there is any additional state tax due from the
5 taxpayer because of the correction by the Internal Revenue Service, any
6 additional state tax resulting from the issues that are included in the
7 correction must be assessed by the director within one (1) year of the filing
8 of the amended Arkansas income tax return by the taxpayer.

9 (B) However, in the instance of a taxpayer who fails to 10 notify the director of the correction as required by this subsection, no 11 assessment of additional state tax due from the taxpayer because of the 12 correction by the Internal Revenue Service shall be made by the director 13 after the expiration of eight (8) years from the date the return was required 14 to be filed or the date the return was filed, whichever period expires later.

15 (C) If the assessment made by the Internal Revenue Service 16 is appealed by the taxpayer, the director shall have three (3) years from the 17 date of the final Internal Revenue Service assessment or date of payment of 18 the federal assessment by the taxpayer, whichever of the two (2) periods 19 expires later, in which to make an assessment.

20 (3) (A) Notwithstanding the provisions of subsection (i) of this
21 section, if the correction by the Internal Revenue Service results in an
22 overpayment of state income tax for the taxable year for which the correction
23 is made, the taxpayer may receive a refund of the overpaid income tax for
24 that year resulting from the issues that are included in the correction upon
25 the filing of the amended return within ninety (90) days from receipt of the
26 notice from the Internal Revenue Service.

27 (B) A refund shall not be paid if the amended return is 28 filed on or after the ninety-first day following receipt of the notice from 29 the Internal Revenue Service unless the amended return is filed within three 30 (3) years from the time the original return was filed or two (2) years from 31 the time the income tax due on the original return was paid, whichever of the 32 periods expires the later. 33 (4) A change or correction to taxable income made by the

34 Internal Revenue Service that results in additional state income tax due from

35 the taxpayer does not entitle the director to issue an assessment unless

36 <u>fewer than three (3) years have elapsed from the date the original return for</u>

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1	the year not included in the notice was required to be filed or the date the
2	original return was filed, whichever of the periods expires the later, for:
3	(A) A tax year that is not included in the notice of
4	change or correction; or
5	(B) An issue that is not included in the notice of change
6	or correction.
7	(5) A change or correction to taxable income made by the
8	Internal Revenue Service that results in a refund to the taxpayer does not
9	entitle the taxpayer to receive a refund unless fewer than three (3) years
10	have elapsed from the date the original return for the tax year not included
11	in the notice was filed or fewer than two (2) years have elapsed from the
12	time that income tax due on the original return was paid, whichever of the
13	periods expires the later, for:
14	(A) A tax year that is not included within the notice of
15	change or correction; or
16	(B) An issue that is not included in the notice of change
17	or correction.
18	
19	SECTION 2. Effective Date. Section 1 of this act is effective for tax
20	years beginning on or after January 1, 2009.
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