

Stricken language would be deleted from and underlined language would be added to law as it existed prior to the 82nd General Assembly.

1 State of Arkansas  
2 82nd General Assembly  
3 Regular Session, 1999  
4

# A Bill

Act 513 of 1999  
SENATE BILL 467

5 By: Senator Hill  
6  
7

## For An Act To Be Entitled

9 "AN ACT TO ADOPT 26 U. S. C. §§ 408A AND 530 FOR  
10 PURPOSES OF ARKANSAS INCOME TAX TREATMENT OF  
11 DISTRIBUTIONS FROM AND CONTRIBUTIONS TO A ROTH IRA AND  
12 EDUCATIONAL IRA; AND FOR OTHER PURPOSES."

## Subtitle

14 "ADOPTS ROTH AND EDUCATIONAL IRA FEDERAL  
15 TAX TREATMENT."  
16  
17  
18

19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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21 SECTION 1. Arkansas Code 26-51-414 is amended to read as follows:

22 "(a) Sections 72, 219, 401-404, and 406-416 inclusive, and § 457 of the  
23 Internal Revenue Code of 1986, as in effect on January 1, ~~1997-1999~~, relating  
24 to annuities, retirement savings, and employee benefit plans, respectively,  
25 are hereby adopted for the purpose of computing Arkansas income tax liability,  
26 except Arkansas capital gains treatment, and the Arkansas tax rates shall  
27 apply. The requirements for filing a joint return under § 219(c)(1)(A) of the  
28 Internal Revenue Code of 1986 shall not apply. ~~Any additional tax or penalty~~  
29 ~~imposed by this section shall be ten percent (10%) of the amount of any~~  
30 ~~additional tax or penalty provided in the Federal income tax law adopted by~~  
31 ~~this section.~~

32 (b) Section 408A of the Internal Revenue Code of 1986, as in effect on  
33 January 1, 1999, relating to Roth Individual Retirement Accounts, is adopted  
34 for the purpose of computing Arkansas income tax liability with the following  
35 exceptions:

36 (1) Sections 408A(d)(3)(iii) and 408A(d)(3)(E) are not adopted.

1 All income from and tax attributable to distributions from a non-Roth IRA to a  
2 Roth IRA prior to January 1, 1999, shall be reported for tax year 1998 and the  
3 tax may be paid over a four (4) year period as permitted by the director.

4 (2) Adjusted gross income under § 408A(c)(3), shall be determined  
5 in the same manner as under § 26-51-403(b).

6 (c) Any additional tax or penalty imposed by this section shall be ten  
7 percent (10%) of the amount of any additional tax or penalty provided in the  
8 Federal Income Tax Law adopted by this section."

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10 SECTION 2. Title 26, Chapter 51, Subchapter 4 of the Arkansas Code is  
11 amended to add the following new section to be appropriately numbered by the  
12 Arkansas Code Revision Commission:

13 "Section 530 of the Federal Internal Revenue Code of 1986, as in effect  
14 on January 1, 1999, relating to educational individual retirement accounts, is  
15 adopted for the purposes of computing Arkansas income tax liability. Any  
16 additional tax or penalty imposed by this section shall be ten percent (10%)  
17 of the amount of any additional tax or penalty provided in the Federal Income  
18 Tax Law adopted by this section."

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20 SECTION 3. The provisions of this act shall be effective for tax years  
21 beginning on or after January 1, 1999.

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23 SECTION 4. All provisions of this act of a general and permanent nature  
24 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
25 Revision Commission shall incorporate the same in the Code.

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27 SECTION 5. If any provision of this act or the application thereof to  
28 any person or circumstance is held invalid, such invalidity shall not affect  
29 other provisions or applications of the act which can be given effect without  
30 the invalid provision or application, and to this end the provisions of this  
31 act are declared to be severable.

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33 SECTION 6. All laws and parts of laws in conflict with this act are  
34 hereby repealed.

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36 APPROVED: 3/9/1999