**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.**

**Act 261 of the Regular Session**

1    State of Arkansas

# A Bill

2    85th General Assembly

3    Regular Session, 2005                                            SENATE BILL  253

4

5    By:  Senators Wooldridge, Glover, Hill, Miller, Trusty

6    By:  Representative Jackson

7

8

9                          **For An Act To Be Entitled**

10                  AN ACT TO REQUIRE CORPORATIONS ELECTING

11                  SUBCHAPTER S TREATMENT FOR ARKANSAS INCOME TAX

12                  PURPOSES TO FIRST ELECT SUBCHAPTER S TREATMENT

13                  FOR FEDERAL TAX PURPOSES; AND FOR OTHER PURPOSES.

14

15                                  **Subtitle**

16                  TO REQUIRE CORPORATIONS ELECTING

17                  SUBCHAPTER S TREATMENT FOR ARKANSAS

18                  INCOME TAX PURPOSES TO FIRST ELECT

19                  SUBCHAPTER S TREATMENT FOR FEDERAL TAX

20                  PURPOSES.

21

22

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

24

25        SECTION 1.  Arkansas Code § 26-51-409(b), concerning Subchapter S

26    election, is amended to read as follows:

27        (b)(1)  The corporate election and shareholder consents required to be

28    filed under Subchapter S of the federal Internal Revenue Code of 1986 for

29    Arkansas income tax purposes shall be filed with the Director of the

30    Department of Finance and Administration of the State of Arkansas in the same

31    manner and at the same time as required under Subchapter S.

32            (2)  A corporation may elect Subchapter S treatment for Arkansas

33    income tax purposes only if it has elected Subchapter S treatment for federal

34    income tax purposes for the same tax year.

35

1    SECTION 2.  <u>This act shall become effective for tax years beginning on</u>

2  <u>and after January 1, 2005.</u>

3

4

5                              **APPROVED:  2/22/2005**

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36

1

01-31-2005 14:50   KWH059