

1 State of Arkansas  
2 89th General Assembly  
3 Regular Session, 2013  
4

As Engrossed: H3/20/13

# A Bill

HOUSE BILL 1866

5 By: Representative Kerr  
6

## 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; AND FOR OTHER PURPOSES.  
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### Subtitle

15 TO ADOPT CURRENT INTERNAL REVENUE CODE  
16 PROVISIONS CONCERNING THE COMPUTATION OF  
17 INCOME TAX WHEN A TAXPAYER RESTORES AN  
18 AMOUNT HELD UNDER A CLAIM OF RIGHT.  
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20  
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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24 SECTION 1. Arkansas Code Title 26, Chapter 51, Subchapter 4, is  
25 amended to add an additional section to read as follows:

26 26-51-457. Claim of right.

27 (a) Title 26 U.S.C. § 1341(a)(1)-(3) and (b)(2), as they 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 liability under this chapter.

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 are not adopted.

35 (2) For the purpose of computing income tax when a taxpayer  
36 restores a substantial amount held under a claim of right under this section:



