

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

As Engrossed: H1/19/99 H1/21/99

A Bill

Act 144 of 1999
HOUSE BILL 1081

5 By: Representatives Lancaster, Gullett, T. Thomas, Teague
6 By: Senators K. Smith, Webb, Bradford, *Wooldridge*
7

For An Act To Be Entitled

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

Subtitle

16 "TO ADOPT FEDERAL ROTH IRA PROVISIONS FOR
17 ARKANSAS INCOME TAX PURPOSES. "

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

23 "26-51-414. Deferred compensation plans.

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

34 (b) Section 408A of the Internal Revenue Code of 1986, as in effect on
35 January 1, 1999, relating to Roth individual retirement accounts, is hereby
36 adopted for the purpose of computing Arkansas income tax liability with the

1 following exceptions:

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

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

6 (2) Adjusted gross income under 408A(c)(3), shall be determined in
7 the same manner as under Arkansas Code 26-51-403(b).

8 (c) Any additional tax or penalty imposed by this section shall be ten
9 percent (10%) of the amount of any additional tax or penalty provided in the
10 federal income tax law adopted by this section."

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12 SECTION 2. The provisions of this act shall become effective for tax
13 years beginning on and after January 1, 1999.

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15 SECTION 3. All provisions of this act of a general and permanent nature
16 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
17 Revision Commission shall incorporate the same in the Code.

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19 SECTION 4. If any provision of this act or the application thereof to
20 any person or circumstance is held invalid, such invalidity shall not affect
21 other provisions or applications of the act which can be given effect without
22 the invalid provision or application, and to this end the provisions of this
23 act are declared to be severable.

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25 SECTION 5. All laws and parts of laws in conflict with this act are
26 hereby repealed.

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/s/ Lancaster, et al

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APPROVED: 2/18/1999

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