

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1908

Bill Subtitle: TO CLARIFY THE STATUTE OF LIMITATIONS FOR A TAXPAYER TO FILE AN AMENDED TAX RETURN; AND TO CLARIFY THE CIRCUMSTANCES UNDER WHICH A TAXPAYER MAY FILE AN AMENDED TAX RETURN.

Basic Change :

Sponsor: Rep. M. Gray

HB1908 amends § 26-18-306 to clarify that the limitations period for a taxpayer to file an amended return is not limited to circumstances in which a taxpayer files an amended return seeking a refund of an overpayment of a state tax. The amendment clarifies that the deadline for a taxpayer to file an amended return for any reason is three years from the time the return was filed or two years from the time the tax was paid, whichever of the periods expires later, with two exceptions:

- The limitations period does not apply if the tax was paid as the result of an audit or proposed assessment; and
- The limitations period does not apply if a taxpayer is required to amend their Arkansas return due to changes made by the IRS, in which case subsection (b) of § 26-18-306 will apply, instead of the limitations period in § 26-18-306 (i)(1)(A).

By definition in § 26-18-104(12)(A), a return includes a claim for refund, so the repeal of "or verified claim for credit or refund of an overpayment of a state tax" in § 26-18-306(i)(1)(A) does not affect a taxpayer's ability to file a claim for refund.

The effective date will be for tax years beginning on and after January 1, 2019.

Revenue Impact :

None.

Taxpayer Impact :

No taxpayer impact is expected.

Resources Required :

None.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

None.

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Other Comments :

None.

Legal Analysis :

None.