

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB831**

**Bill Subtitle: TO ADOPT RECENT CHANGES TO THE INTERNAL REVENUE CODE; AND TO MAKE TECHNICAL CORRECTIONS TO THE INCOME TAX LAWS.**

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### **Basic Change :**

Senator Files

This bill readopts several provisions of the federal income tax law that have previously been incorporated into Arkansas income tax law but have been subsequently amended by the US congress. These changes will ensure that Arkansas taxpayers will have the same rules for both federal and state income tax purposes and eliminate the need for the taxpayer to maintain separate books and records for state and federal tax purposes.

### **Revenue Impact :**

None

### **Taxpayer Impact :**

These changes will ensure that Arkansas taxpayers will have the same rules for both federal and state income tax purposes and eliminate the need for the taxpayer to maintain separate books and records for state and federal tax purposes.

### **Resources Required :**

Update forms and instructions.

### **Time Required :**

Adequate time is provided.

### **Procedural Changes :**

Tax forms and instructions, return processing, and training procedures will need to be updated to reflect new provisions in the Internal Revenue Code Sections that were previously adopted. Tax community will need to be informed of the changes.

### **Other Comments :**

Section 10 needs to be amended to state that we are readopting IRC 167, 168(a)-(j), and 179A as in effect on January 2, 2013, and IRC 179 as in effect on January 1, 2009. Also, Section 11 needs to be amended to state that we are adopting Subchapter M as in effect January 2, 2013 instead of January 1, 2013.

### **Legal Analysis :**

This bill readopts several sections of the federal Internal Revenue Code (IRC) in order to make certain Arkansas individual and corporation income tax laws consistent with current federal law. This consistency will improve Arkansas' income tax compliance and administration.