

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 373 of the Regular Session

1 State of Arkansas
2 87th General Assembly
3 Regular Session, 2009
4

A Bill

HOUSE BILL 1549

5 By: Representative Moore
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For An Act To Be Entitled

9 AN ACT TO CLARIFY TIME LIMITATIONS ON AN
10 ASSESSMENT OR A REFUND OF INCOME TAX AFTER A
11 TAXPAYER RECEIVES A CORRECTION OR CHANGE IN THE
12 AMOUNT OF TAXABLE INCOME FROM THE INTERNAL
13 REVENUE SERVICE; TO CLARIFY WHAT ISSUES MAY BE
14 INCLUDED IN AN ASSESSMENT OR REFUND MADE AFTER A
15 CORRECTION OF INCOME BY THE INTERNAL REVENUE
16 SERVICE; AND FOR OTHER PURPOSES.
17

Subtitle

18 TO CLARIFY TIME LIMITATIONS AND ISSUES
19 INVOLVED IN ASSESSMENTS AND REFUNDS
20 AFTER A TAXPAYER RECEIVES A CORRECTION
21 OF INCOME FROM THE INTERNAL REVENUE
22 SERVICE.
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26 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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28 SECTION 1. Arkansas Code § 26-18-306(b), pertaining to changes and
29 corrections to taxable income made by the Internal Revenue Service, is
30 amended to read as follows:

31 (b)(1) Notwithstanding the provisions of subsection (a) of this
32 section, if the amount of taxable income or taxable estate for a taxpayer for
33 any year, as returned to the United States Treasury Department, is changed
34 and corrected by the Commissioner of Internal Revenue or any officer of the
35 United States of competent authority, the taxpayer, within ninety (90) days



1 from the receipt of the notice and demand for payment by the Internal Revenue
 2 Service, must report to the director the corrected federal tax, taxable
 3 income, or taxable estate for the taxable period covered by the change on an
 4 amended Arkansas income tax return.

5 (2)(A) If there is any additional state tax due from the
 6 taxpayer because of the correction by the Internal Revenue Service, any
 7 additional state tax resulting from the issues that are included in the
 8 correction must be assessed by the director within one (1) year of the filing
 9 of the amended Arkansas income tax return by the taxpayer.

10 (B) However, in the instance of a taxpayer who fails to
 11 notify the director of the correction as required by this subsection, no
 12 assessment of additional state tax due from the taxpayer because of the
 13 correction by the Internal Revenue Service shall be made by the director
 14 after the expiration of eight (8) years from the date the return was required
 15 to be filed or the date the return was filed, whichever period expires later.

16 (C) If the assessment made by the Internal Revenue Service
 17 is appealed by the taxpayer, the director shall have three (3) years from the
 18 date of the final Internal Revenue Service assessment or date of payment of
 19 the federal assessment by the taxpayer, whichever of the two (2) periods
 20 expires later, in which to make an assessment.

21 (3)(A) Notwithstanding the provisions of subsection (i) of this
 22 section, if the correction by the Internal Revenue Service results in an
 23 overpayment of state income tax for the taxable year for which the correction
 24 is made, the taxpayer may receive a refund of the overpaid income tax for
 25 that year resulting from the issues that are included in the correction upon
 26 the filing of the amended return within ninety (90) days from receipt of the
 27 notice from the Internal Revenue Service.

28 (B) A refund shall not be paid if the amended return is
 29 filed on or after the ninety-first day following receipt of the notice from
 30 the Internal Revenue Service unless the amended return is filed within three
 31 (3) years from the time the original return was filed or two (2) years from
 32 the time the income tax due on the original return was paid, whichever of the
 33 periods expires the later.

34 (4) A change or correction to taxable income made by the
 35 Internal Revenue Service that results in additional state income tax due from
 36 the taxpayer does not entitle the director to issue an assessment unless

1 fewer than three (3) years have elapsed from the date the original return for
2 the year not included in the notice was required to be filed or the date the
3 original return was filed, whichever of the periods expires the later, for:

4 (A) A tax year that is not included in the notice of
5 change or correction; or

6 (B) An issue that is not included in the notice of change
7 or correction.

8 (5) A change or correction to taxable income made by the
9 Internal Revenue Service that results in a refund to the taxpayer does not
10 entitle the taxpayer to receive a refund unless fewer than three (3) years
11 have elapsed from the date the original return for the tax year not included
12 in the notice was filed or fewer than two (2) years have elapsed from the
13 time that income tax due on the original return was paid, whichever of the
14 periods expires the later, for:

15 (A) A tax year that is not included within the notice of
16 change or correction; or

17 (B) An issue that is not included in the notice of change
18 or correction.

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20 SECTION 2. Effective Date. Section 1 of this act is effective for tax
21 years beginning on or after January 1, 2009.

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23 **APPROVED: 3/10/2009**
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