

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: HB1156**

**Bill Subtitle: TO PROVIDE THAT ARKANSAS CORPORATE INCOME TAX RETURNS BE FILED BY APRIL 15 BEGINNING IN THE 2016 TAX YEAR; AND TO DECLARE AN EMERGENCY.**

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### **Basic Change :**

**Sponsor: Representative Jett**

Corporate income tax returns will be due on April 15 rather than March 15 for calendar year filers beginning with 2016 returns due in 2017. Under current law, this change in due dates is not scheduled to begin until the 2017 tax year for returns that would be filed in 2018.

### **Revenue Impact :**

FY2017 only - \$4M reduction to General Revenue - Impact from one-time shift of corporate income tax collections from delayed reporting.

### **Taxpayer Impact :**

Taxpayers will need to file 2016 corporation income tax returns by April 15 rather than March 15 and fiscal year filers will need to file within three and a half months after the end of the fiscal year. Tax return payments and payments with extensions will be due three and a half months after the year end instead of two and a half months under current law.

### **Resources Required :**

Computer programming changes will be needed. Instruction booklet changes will be needed and training materials will need to be modified.

### **Time Required :**

Two to three weeks after enactment.

### **Procedural Changes :**

None.

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### Other Comments :

Not adopting this change will greatly affect a taxpayer's ability to comply with Arkansas laws, which require that a copy of the taxpayer's federal return be filed along with the Arkansas return. If this change is not adopted, Arkansas returns will be due before federal returns and will result in Arkansas returns being filed without copies of the federal returns. Then, when the federal return is filed, a copy will be sent to DFA, which will be required to match it with the Arkansas return. This will result in lost man hours and resources will be wasted requesting copies of federal returns. Adoption of this change will result in processing of returns extending into the next fiscal year as a result of changed extension dates because many returns will be filed one month later than they are currently.

### Legal Analysis :

Arkansas corporation income tax returns had been due two and a half months after the end of a fiscal year. In 2015, the Arkansas General Assembly changed the due date to three and a half months after the end of a fiscal year effective for tax years beginning on or after January 1, 2017. However, after the General Assembly had adjourned, the U.S. Congress amended the due date for federal corporation income tax returns to three and a half months after the end of a fiscal year effective for tax years beginning on or after January 1, 2016. This bill is therefore necessary to be consistent with current federal law and makes the effective date for the change in due dates for Arkansas corporation income tax returns to tax years beginning on or after January 1, 2016.

This bill contains an emergency clause making this bill effective on (1) the date of approval by the Governor; (2) if the bill is neither approved or vetoed by the Governor, the expiration of the period of time which the Governor may veto the bill; or (3) if the Governor vetoes the bill, the date the last house overrides the veto.