

1 INTERIM STUDY PROPOSAL 2011-090

2 State of Arkansas

*As Engrossed: H3/8/11 H3/9/11*

3 88th General Assembly

# A Bill

4 Regular Session, 2011

HOUSE BILL 1495

5  
6 By: Representative Nickels

7 Filed with: Interim House Committee on Revenue and Taxation  
8 pursuant to A.C.A. §10-3-217.

## For An Act To Be Entitled

9  
10 AN ACT TO CREATE THE ARKANSAS SMALL BUSINESS TAX  
11 FAIRNESS ACT; TO REQUIRE COMBINED REPORTING FOR  
12 INCOME TAX PURPOSES; AND FOR OTHER PURPOSES.

## Subtitle

13  
14  
15 TO CREATE THE ARKANSAS SMALL BUSINESS TAX  
16 FAIRNESS ACT AND TO REQUIRE COMBINED  
17 REPORTING FOR INCOME TAX PURPOSES.  
18

19  
20  
21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

22  
23 SECTION 1. Arkansas Code Title 26, Chapter 51, is amended to add an  
24 additional subchapter to read as follows:

25 Subchapter 24 – Arkansas Small Business Tax Fairness Act

26  
27 26-51-2401. Title.

28 This subchapter shall be known as the “Arkansas Small Business Tax  
29 Fairness Act”.

30  
31 26-51-2402. Definitions.

32 As used in this subchapter:

33 (1) “Combined group” means the group of persons whose income and  
34 apportionment factors are required to be taken into account under § 26-51-  
35 2403 in determining the taxpayer member’s share of the net business income or  
36 loss to be apportioned to the state;

1           (2)(A) "Corporation" means an organization of any kind treated  
2 as a corporation for tax purposes under this chapter, wherever located, that  
3 if it were doing business in this state, would be a taxpayer.

4           (B) "Corporation" includes the business conducted by a  
5 partnership that is directly or indirectly held by a corporation to the  
6 extent of the corporation's distributive share of the partnership income,  
7 inclusive of guaranteed payments to the extent prescribed by law;

8           (3) "Doing business in a tax haven" means being engaged in  
9 activity sufficient for the tax haven jurisdiction to impose a tax under  
10 United States constitutional standards;

11           (4) "Partnership" means a general partnership, a limited  
12 partnership, or an organization of any kind that is treated as a partnership  
13 for tax purposes under this chapter;

14           (5) "Person" means:

15           (A) An individual;

16           (B) A firm;

17           (C) A partnership or a general partner of a partnership;

18           (D) A limited liability company;

19           (E) A registered limited liability partnership;

20           (F) A foreign limited liability partnership;

21           (G) An association;

22           (H) A corporation regardless of whether the corporation is  
23 or would be, if doing business in this state, subject to the Income Tax Act  
24 of 1929, § 26-51-101 et seq.;

25           (I) A company;

26           (J) A syndicate;

27           (K) An estate;

28           (L) A trust or trustee;

29           (M) A trustee in bankruptcy;

30           (N) A receiver;

31           (O) An executor or administrator; and

32           (P) An organization of any kind;

33           (6) "Tax haven" means a jurisdiction that, during the tax year,  
34 exhibits the following characteristics:

35           (A) Has no tax or a nominal effective tax on the relevant  
36 income;

1                   (B) Has laws or practices that prevent effective exchange  
2 of information for tax purposes with other governments on taxpayers  
3 benefiting from the tax regime;

4                   (C)(i) Has a tax regime that lacks transparency.

5                           (ii) A tax regime lacks transparency if:

6                                   (a) The details of legislative, legal, or  
7 administrative provisions are not open and apparent or are not consistently  
8 applied among similarly situated taxpayers; or

9                                   (b) The information needed by tax authorities  
10 to determine a taxpayer's correct tax liability, such as accounting records  
11 and underlying documentation, is not adequately available;

12                   (D) Facilitates the establishment of foreign-owned  
13 entities without the need for a local and substantive presence or prohibits  
14 foreign-owned entities from having a commercial impact on the local economy;

15                   (E) Explicitly or implicitly excludes the jurisdiction's  
16 resident taxpayers from taking advantage of the tax regime's benefits or  
17 prohibits enterprises that benefit from the regime from operating in the  
18 jurisdiction's domestic market; or

19                   (F) Has a tax regime that is favorable for tax avoidance  
20 based upon an overall assessment of relevant factors, including without  
21 limitation whether the jurisdiction has a significant untaxed offshore  
22 financial sector or other services sector relative to its overall economy;

23                   (7) "Unitary business" means a single economic enterprise that  
24 is made up of either separate parts of a single business entity or a commonly  
25 controlled group of business entities that are sufficiently interdependent,  
26 integrated, and interrelated through their activities so as to provide a  
27 synergy and mutual benefit that produces a sharing or exchange of value among  
28 them and a significant flow of value to the separate parts; and

29                   (8) "United States" means the fifty (50) states of the United  
30 States, the District of Columbia, and the territories and possessions of the  
31 United States.

32  
33                   26-51-2403. Combined reporting required – Discretion of director

34                   (a)(1) A combined report shall be filed by one (1) of the following  
35 taxpayers engaged in a unitary business with one (1) or more other  
36 corporations:

- 1                   (A) The federal consolidated parent corporation; or
- 2                   (B) A subsidiary with a nexus to Arkansas, if the federal
- 3 consolidated parent is not a member of the combined group.

4                   (2) The combined report required under subdivision (a)(1) of  
5 this section shall include the following information for all corporations  
6 that are members of the unitary business:

- 7                   (A) The income determined under § 26-51-2406;
- 8                   (B) The apportionment factors determined under:
- 9                         (i) The Uniform Division of Income for Tax Purposes
- 10 Act, § 26-51-701 et seq.;

11                         (ii) The apportionment and allocation requirements  
12 under §§ 26-51-1401–26-51-1405; and

13                         (iii) The combined reporting requirements under §  
14 26-51-2405; and

15                   (3) Any other information required by the Director of the  
16 Department of Finance and Administration.

17                   (b)(1) To reflect proper apportionment of income of entire unitary  
18 businesses, the combined report shall include the income and apportionment  
19 factors of any person not included under subsection (a) of this section who  
20 is a member of a unitary business.

21                   (2) The director may require the filing of a combined report by  
22 persons that are not or would not be, if doing business in this state,  
23 subject to the Income Tax Act of 1929, § 26-51-101 et seq.

24                   (3) If the director determines that the reported income or loss  
25 of a taxpayer engaged in a unitary business with any person not included  
26 under subsection (a) of this section represents an avoidance or evasion of  
27 tax by the taxpayer, all or part of the income and apportionment factors of  
28 the person shall be included in the taxpayer's combined report.

29                   (4) With respect to inclusion of apportionment factors under  
30 this subsection (b), the director may require:

- 31                   (A) The exclusion of any one (1) or more of the factors;
- 32                   (B) The inclusion of one (1) or more additional factors
- 33 that will fairly represent the taxpayer's business activity in the state; or
- 34                   (C) The employment of any other method to properly

35 reflect:

- 36                         (i) The total amount of income subject to

1 apportionment; and

2 (ii) An equitable allocation and apportionment of  
3 the taxpayer's income.

4  
5 26-51-2404. Determination of taxable income using combined report.

6 (a) The use of a combined report does not affect the separate  
7 identities of the taxpayer members of the combined group.

8 (b)(1) Each taxpayer member is responsible for tax based on the  
9 taxpayer member's taxable income or loss apportioned or allocated to  
10 Arkansas, including without limitation the taxpayer member's apportioned  
11 share of business income of the combined group.

12 (2) Business income of the combined group is calculated as a  
13 summation of the individual net business incomes of all members of the  
14 combined group.

15 (3) A member's net business income is determined by removing all  
16 but business income, expense, and loss from that member's total income under  
17 this subchapter and multiplying the remainder by the combined apportionment  
18 factors of all members of the combined group.

19  
20 26-51-2405. Income subject to tax – Application of tax credits –  
21 Deductions after apportionment.

22 (a) Each taxpayer member is responsible for tax based on the taxpayer  
23 member's taxable income or loss apportioned or allocated to Arkansas,  
24 including without limitation the taxpayer member's:

25 (1) Share of business income that is apportioned to Arkansas of  
26 each of the combined groups of which it is a member, as determined under §  
27 26-51-2406;

28 (2) Share of business income that is apportioned to Arkansas of  
29 a distinct business activity conducted within and without Arkansas wholly by  
30 the taxpayer member, as determined under the Uniform Division of Income for  
31 Tax Purposes Act, § 26-51-701 et seq., and the apportionment and allocation  
32 requirements under §§ 26-51-1401–26-51-1405;

33 (3) Income from a business conducted wholly by the taxpayer  
34 member entirely within Arkansas;

35 (4) Income sourced to Arkansas from the sale or exchange of  
36 capital or assets;

1           (5) Nonbusiness income or loss allocable to Arkansas, as  
2 determined under the Uniform Division of Income for Tax Purposes Act, § 26-  
3 51-701 et seq., and the apportionment and allocation requirements under §§  
4 26-51-1401-26-51-1405; and

5           (6)(A) Net operating loss carryover.

6           (B)(i) If the taxable income computed under this  
7 subchapter results in a loss for a combined group, the combined group has an  
8 Arkansas net operating loss.

9           (ii) A net operating loss of the combined group is  
10 applied as a deduction in a subsequent year only to the extent that the  
11 combined group has Arkansas source positive net income.

12           (C)(i) Only a taxpayer member that joins a combined group  
13 and has a net operating loss from a tax year before the taxpayer member  
14 joined the combined group is subject to the carryover provisions of § 26-51-  
15 427, the net operating loss limitations, and the separate return limitation  
16 year restriction.

17           (ii) Separate return limitation year restrictions  
18 allow the net operating loss of a member that joins a combined return to  
19 offset the combined income of all corporations that were members of the same  
20 federal consolidated group when the net operating loss was created or that  
21 were members of the same Arkansas combined group when the net operating loss  
22 was created.

23           (b)(1) A tax credit earned by a member may be applied against the  
24 total tax liability of the combined group.

25           (2)(A) A charitable contribution made by a taxpayer member of  
26 the combined group is available as a deduction of the combined group subject  
27 to the limitations of 26 U.S.C. § 170, as it existed on January 1, 2011.

28           (B) A charitable contribution under subdivision (b)(2)(A)  
29 of this section is subtracted from the business income of the combined group  
30 before apportionment, and the remaining balance is treated as a nonbusiness  
31 expense allocable to the nonbusiness income of the combined group subject to  
32 the income limitations of 26 U.S.C. § 170, as it existed on January 1, 2011.

33           (C) A charitable contribution under subdivision (b)(2)(A)  
34 of this section that is disallowed under the income limitations of this  
35 subsection is allowed as a carryover deduction for up to five (5) years in  
36 accordance with 26 U.S.C. § 170, as it existed on January 1, 2011.

1  
2 26-51-2406. Determination of share of business income of a combined  
3 group.

4 The taxpayer's share of the business income to be apportioned to  
5 Arkansas of each combined group of which it is a member is the product of:

6 (1) The business income of the combined group, as determined  
7 under § 26-51-2407; and

8 (2)(A) The taxpayer member's apportionment percentage, as  
9 determined under the Uniform Division of Income for Tax Purposes Act, § 26-  
10 51-701 et seq., and the apportionment and allocation requirements under §§  
11 26-51-1401-26-51-1405, including:

12 (i) In each numerator, the taxpayer's property,  
13 payroll, or sales factor associated with the combined group's unitary  
14 business in this state; and

15 (ii) In the denominator, the property, payroll, or  
16 sales factor of all members of the combined group, including the taxpayer,  
17 that are associated with the combined group's unitary business wherever  
18 located.

19 (B) The property, payroll, and sales factors of a  
20 partnership are included in the determination of the partner's apportionment  
21 percentage in proportion to a ratio the numerator of which is the amount of  
22 the partner's distributive share of partnership's unitary income included in  
23 the income of the combined group under § 26-51-2407 and the denominator of  
24 which is the amount of the partnership's total unitary income.

25  
26 26-51-2407. Determination of business income of the combined group.

27 (a) The business income of a combined group is determined under this  
28 section.

29 (b) To determine the business income of the combined group, subtract  
30 any income and add any expense or loss other than the business income,  
31 expense, or loss of the combined group from the total income of the combined  
32 group, as determined under subsection (c) of this section.

33 (c)(1) Except as otherwise provided in this section, the total income  
34 of the combined group is the sum of the income of each member of the combined  
35 group, as determined under the Internal Revenue Code of 1986, 26 U.S.C. § 1  
36 et seq., as it existed on January 1, 2011, as if the member were not

1 consolidated for federal purposes.

2 (2) The income of each member of the combined group is  
3 determined as follows:

4 (A) For a member incorporated in the United States or  
5 included in a consolidated federal corporate income tax return, the income to  
6 be included in the total income of the combined group is the taxable income  
7 for the corporation after making appropriate adjustments under the Income Tax  
8 Act of 1929, § 26-51-101 et seq.; and

9 (B)(i) For a member not included in subdivision (c)(2)(A)  
10 of this section, the income to be included in the total income of the  
11 combined group is determined as follows:

12 (a) A profit and loss statement shall be  
13 prepared for each foreign branch or corporation in the currency in which the  
14 books of account of the branch or corporation are regularly maintained;

15 (b) Adjustments shall be made to the profit  
16 and loss statement to conform it to the accounting principles generally  
17 accepted in the United States for the preparation of profit and loss  
18 statements except as modified by this subchapter;

19 (c) Except as otherwise provided in this  
20 subchapter, the profit and loss statement of each member of the combined  
21 group and the related apportionment factors shall be expressed in United  
22 States dollars.

23 (d) Income apportioned to Arkansas shall be  
24 expressed in United States dollars.

25 (ii)(a) In lieu of the procedures in subdivision  
26 (c)(2)(B)(i) of this section and subject to the determination of the Director  
27 of the Department of Finance and Administration that it reasonably  
28 approximates income as determined under the Income Tax Act of 1929, § 26-51-  
29 101 et seq., a member not included in subdivision (c)(2)(A) of this section  
30 may determine its income on the basis of the consolidated profit and loss  
31 statement that includes the member and that is prepared for filing with the  
32 United States Securities and Exchange Commission by related corporations.

33 (b) If the member is not required to file with  
34 the United States Securities and Exchange Commission, the director may allow  
35 the use of a consolidated profit and loss statement prepared for reporting to  
36 shareholders and subject to review by an independent auditor.



1                   (c) If the profit and loss statements in this  
2 subdivision (c)(2)(B)(ii) of this section do not reasonably approximate  
3 income as determined under this chapter, the director may accept profit and  
4 loss statements with appropriate adjustments to approximate the income as  
5 determined under this chapter.

6                   (d) If a unitary business includes income from a partnership, the  
7 income included in the total income of the combined group is the member of  
8 the combined group's direct and indirect distributive share of the  
9 partnership's unitary business income.

10                  (e)(1) Dividends paid by a member of the combined group to another  
11 member of the combined group shall be eliminated from the income of the  
12 recipient to the extent the dividends are paid out of the earnings and  
13 profits of the unitary business included in the combined report, in the  
14 current or a prior year.

15                  (2) Subdivision (e)(1) of this section does not apply to  
16 dividends received from members of the unitary business that are not a part  
17 of the combined group.

18                  (f)(1) Except as otherwise provided in this subchapter, business  
19 income from an intercompany transaction between members of the same combined  
20 group is deferred in the same manner as in 26 CFR § 1.1502-13, as it existed  
21 on January 1, 2011.

22                  (2) Deferred business income resulting from an intercompany  
23 transaction between members of a combined group is restored to the income of  
24 the seller and is apportioned as business income earned immediately before  
25 the event if any of the following events occur:

26                    (A) The object of a deferred intercompany transaction is:

27                      (i) Resold by the buyer to an entity that is not a  
28 member of the combined group;

29                      (ii) Resold by the buyer to an entity that is a  
30 member of the combined group for use outside the unitary business in which  
31 the buyer and seller are engaged; or

32                      (iii) Converted by the buyer to a use outside the  
33 unitary business in which the buyer and seller are engaged; or

34                    (B) The buyer and seller are no longer members of the same  
35 combined group regardless of whether the members remain unitary.

36                  (g) An expense of a member of the unitary group that is directly or

1 indirectly attributable to the nonbusiness or exempt income of another member  
2 of the unitary group is allocated to the other member as corresponding  
3 nonbusiness or exempt expense as appropriate.

4  
5 26-51-2408. Designation of surety.

6 (a)(1)(A)(i) Members of a combined reporting group shall annually  
7 designate one (1) taxpayer member of the combined group to file a single  
8 return in the form and manner prescribed by the Director of the Department of  
9 Finance and Administration, in lieu of each member filing its own respective  
10 return.

11 (ii) The surety designated under this section shall  
12 be either:

13 (a) The federal consolidated parent  
14 corporation; or

15 (b) A subsidiary with a nexus to Arkansas, if  
16 the federal consolidated parent is not a member of the combined group.

17 (B) The taxpayer designated to file the single return  
18 under subdivision (a)(1)(A) of this section:

19 (i) Consents to act as surety with respect to the  
20 tax liability of all other taxpayers properly included in the combined  
21 report; and

22 (ii) Agrees to act as agent on behalf of those  
23 taxpayers for the year of the election for tax matters relating to the  
24 combined report for that year.

25 (2) The designation of a surety under subdivision (a)(1) of this  
26 section does not change the respective liability of the group members.

27 (b) If for any reason the taxpayer designated as a surety under  
28 subsection (a) of this section is unwilling or unable to perform the surety's  
29 responsibilities, tax liability shall be assessed against all of the taxpayer  
30 members.

31  
32 26-51-2409. Water's-edge election.

33 (a) Taxpayer members of a unitary group that meet the requirements of  
34 § 26-51-2410 may elect to determine each member's apportioned share of the  
35 net business income or loss of the combined group under a water's-edge  
36 election.

1       (b) Under the water's-edge election, taxpayer members shall take into  
2 account the income and apportionment factors of only the following members of  
3 the combined group:

4           (1) The entire income and apportionment factors of any member  
5 incorporated in the United States or formed under the laws of the United  
6 States;

7           (2) The entire income and apportionment factors of any member,  
8 regardless of the place incorporated or formed, if the average of its  
9 property, payroll, and sales factors within the United States is twenty  
10 percent (20%) or more;

11           (3) The entire income and apportionment factors of any member  
12 that is a domestic international sales corporation as described in 26 U.S.C.  
13  §§ 991-994, as they existed on January 1, 2011;

14           (4) The portion of the income of a member not described in  
15 subdivisions (b)(1)-(3) of this section that is derived from or attributable  
16 to sources within the United States, as determined under the Internal Revenue  
17 Code of 1986, 26 U.S.C. § 1 et seq., as it existed on January 1, 2011, and  
18 the related apportionment factors;

19           (5)(A) The income of a member that is a controlled foreign  
20 corporation, as defined under 26 U.S.C. § 957, as it existed on January 1,  
21 2011, to the extent the income is described under 26 U.S.C. § 952, as it  
22 existed on January 1, 2011, not excluding lower-tier subsidiaries'  
23 distributions of income that were previously taxed and the apportionment  
24 factors related to the income.

25           (B) An item of income received by a controlled foreign  
26 corporation is excluded if the income was subject to an effective rate of  
27 income tax imposed by a foreign country greater than ninety percent (90%) of  
28 the maximum rate of tax specified in 26 U.S.C. § 11, as it existed on January  
29 1, 2011;

30           (6) The income and apportionment factors of a member that earns  
31 income, directly or indirectly, from intangible property or service-related  
32 activities that are deductible against the business income of other members  
33 of the combined group; and

34           (7)(A) The entire income and apportionment factors of any member  
35 that is doing business in a tax haven.

36           (B) If the member's business activity within a tax haven

1 is entirely outside the scope of the laws, provisions, and practices that  
2 cause the jurisdiction to be a tax haven under § 26-51-2402, the activity of  
3 the member shall be treated as not having been conducted in a tax haven.  
4

5 26-51-2410. Initiation and withdrawal of water's-edge election.

6 (a)(1) A water's-edge election is effective only if made on a timely  
7 filed, original return for the tax year by each member of the unitary  
8 business subject to tax under the Income Tax Act of 1929, § 26-51-101 et seq.

9 (2) The Director of the Department of Finance and Administration  
10 shall develop rules governing the impact, if any, on the scope or application  
11 of a water's-edge election, including without limitation termination or  
12 deemed election resulting from a change in the composition of the unitary  
13 group, the combined group, the taxpayer members, and any other similar  
14 change.

15 (b) In the discretion of the director, a water's-edge election may be  
16 disregarded in whole or in part, and the income and apportionment factors of  
17 any member of the taxpayer's unitary group may be included in the combined  
18 report without regard to the provisions of this section if:

19 (1) A member of the unitary group fails to comply with this  
20 subchapter; or

21 (2) A person otherwise not included in the water's-edge combined  
22 group was designated with the substantial objective of avoiding state income  
23 tax.

24 (c)(1) A water's-edge election is binding for and applicable to the  
25 tax year in which it is made and all tax years thereafter for a period of ten  
26 (10) years.

27 (2)(A) A water's-edge election may be withdrawn or reinstated  
28 after withdrawal before the expiration of the ten-year period only upon  
29 written request for reasonable cause based on extraordinary hardship due to  
30 unforeseen changes in state tax statutes, law, or policy, and only with the  
31 written permission of the director.

32 (B) If the director grants a withdrawal of election, the  
33 director shall impose reasonable conditions to prevent the evasion of tax or  
34 to clearly reflect income for the election period before or after the  
35 withdrawal.

36 (3)(A) Upon the expiration of the ten-year period, a taxpayer

1 may withdraw from the water's edge election.

2 (B) Withdrawal under this section shall be made in writing  
3 within one (1) year of the expiration of the election.

4 (C) Withdrawal under this section is binding for a period  
5 of ten (10) years subject to the conditions that applied to the original  
6 election under this section.

7 (D) If no withdrawal is properly made, the water's edge  
8 election shall be in place for an additional ten-year period subject to the  
9 conditions that applied to the original election under this section.

10  
11 24-51-2411. Rules.

12 The Director of the Department of Finance and Administration shall  
13 promulgate rules to implement this subchapter.

14  
15 *SECTION 2. Arkansas Code § 26-51-419(b), concerning deductions for*  
16 *charitable contributions, is amended to read as follows:*

17 *(b) ~~The provisions of subsection~~ Subsection (a) of this section shall apply applies to a corporation that files*  
18 *an Arkansas ~~consolidated corporation~~ combined income tax return pursuant to § 26-51-805, provided that each*  
19 *member of the affiliated group shall follow the provisions of § 26-51-805(f) and calculate its contribution limits*  
20 *separately under the Arkansas Small Business Tax Fairness Act, § 26-51-2401 et seq., in accordance with § 26-51-*  
21 *2405.*

22  
23 *SECTION 3. Arkansas Code § 26-51-804(a), concerning income tax returns*  
24 *for corporations, is amended to read as follows:*

25 *(a)(1) Every corporation subject to taxation under this act shall make*  
26 *a return stating specifically the items of its gross income and the*  
27 *deductions and credits allowed by this act.*

28 *(2) Corporations that are members of a unitary business under*  
29 *the Arkansas Small Business Tax Fairness Act, § 26-51-2401 et seq., shall*  
30 *file a combined return.*

31 *(3) Corporations that are not members of a unitary business*  
32 *under the Arkansas Small Business Tax Fairness Act, § 26-51-2401 et seq.,*  
33 *shall file returns on either a consolidated basis or a separate entity basis.*

34  
35 *SECTION 4. Arkansas Code § 26-51-805(a), concerning consolidated*  
36 *income tax returns for corporations, is amended to read as follows:*

1           (a)(1)(A) ~~All corporations which that~~ are eligible members of an  
2 affiliated group, ~~as that term is defined in 26 U.S.C. § 1504(a) and (b), as~~  
3 ~~of it existed on January 1, 1989, which affiliated group files a federal~~  
4 ~~consolidated corporate income tax return pursuant to 26 U.S.C. §§ 1501-1505~~  
5 ~~as of January 1, 1989, may elect to shall~~ file a consolidated combined  
6 Arkansas corporate income tax return under the Arkansas Small Business Tax  
7 Fairness Act, § 26-51-2401 et seq., if the affiliated group files a federal  
8 consolidated corporate income tax return under 26 U.S.C. §§ 1501-1505, as  
9 they existed on January 1, 1989.

10                         (B) Corporations that are not members of a unitary  
11 business under the Arkansas Small Business Tax Fairness Act, § 26-51-2401 et  
12 seq., shall file returns on either a consolidated basis or a separate entity  
13 basis.

14           (2) However, only corporations in the affiliated group that have  
15 gross income from sources within ~~the State of~~ Arkansas that is subject to  
16 taxation under ~~the provisions of the Arkansas Income Tax Act of 1929, as~~  
17 ~~amended~~, § 26-51-101 et seq., shall be eligible to file consolidated  
18 corporate income tax returns in Arkansas.

19  
20           SECTION 5. EFFECTIVE DATE. This act is effective for tax years  
21 beginning on or after January 1, 2012.

22  
23   /s/Nickels  
24

25 Referred by the Arkansas House of Representatives  
26 Prepared by: JLL/VJF  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36