

2 State of Arkansas
3 90th General Assembly
4 Regular Session, 2015

A Bill

SENATE BILL 1040

5
6 By: Senator B. Sample
7 By: Representative Bragg

8 Filed with: Senate Committee on Revenue and Taxation
9 pursuant to A.C.A. §10-3-217.

For An Act To Be Entitled

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11 AN ACT TO AMEND THE LAW CONCERNING THE INTEREST RATES
12 APPLICABLE TO STATE TAX DEFICIENCIES AND
13 OVERPAYMENTS; AND FOR OTHER PURPOSES.

Subtitle

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17 TO AMEND THE INTEREST RATES APPLICABLE TO
18 STATE TAX DEFICIENCIES AND OVERPAYMENTS.

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

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23 SECTION 1. Arkansas Code § 26-18-508 is amended to read as follows:
24 26-18-508. Interest on deficiencies and overpayments.

25 (a) Interest shall be collected on tax deficiencies and paid on
26 overpayments as follows:

27 (1)(A) A tax levied under ~~any~~ state tax law ~~which~~ that is not
28 paid when due is delinquent.

29 (B) Interest ~~at the rate of ten percent (10%) per annum~~
30 shall be collected on the total tax deficiency from the date the return for
31 the tax was due to be filed until the date of payment at the rate stated in
32 subsection (b) of this section;

33 (2)(A) Interest on a tax deficiency shall be assessed at the
34 same time as the tax deficiency.

35 (B) The tax deficiency together with the interest shall be
36 paid upon notice and demand by the director;

1 (3) When ~~any~~ an overpayment has been made by a taxpayer, the
2 overpayment shall be refunded together with interest at the rate ~~of ten~~
3 ~~percent (10%) per annum~~ stated in subsection (b) of this section;

4 (4) Interest on ~~overpayments~~ an overpayment shall be paid from
5 the date the return for the tax was due to be filed or the date the return is
6 filed, whichever occurs later, until a date, to be determined by the
7 director, preceding the date of the refund warrant by not more than thirty
8 (30) days, whether or not the warrant is accepted by the taxpayer; and

9 (5) ~~No interest~~ Interest shall not be allowed on an overpayment
10 of tax that is refunded by the director within ninety (90) days after the
11 last date provided for filing the return for the tax including any extension
12 of time for filing the return, or ninety (90) days after the date the return
13 is filed, whichever occurs later; ~~and.~~

14 ~~(6)(A) In lieu of the amount of interest otherwise provided by~~
15 ~~this section, when an election to defer the payment of estate tax is made~~
16 ~~pursuant to the provisions of § 26 59 113(c), then the amount of interest on~~
17 ~~the deferred portion of the estate tax qualifying for the election shall be~~
18 ~~at the rate of four percent (4%) per annum on the balance of the payments due~~
19 ~~under the installment deferral election.~~

20 ~~(B) However, the four percent (4%) interest rate shall~~
21 ~~only apply to the "4 percent portion" as that term is defined in 26 U.S.C. §~~
22 ~~6601(j)(2), as it existed on January 1, 1989.~~

23 ~~(C) The interest rate on the estate tax exceeding the "4-~~
24 ~~percent portion" shall be at the rate specified in subdivision (1) of this~~
25 ~~section.~~

26 (b) The interest rate for deficiencies and overpayments is as follows:

27 (1) Until December 31, 2015, ten percent (10%) per annum; and

28 (2) Beginning January 1, 2016, six percent (6%) per annum.

31 Referred by the Arkansas Senate

32 Prepared by: VJF