

1 State of Arkansas
2 81st General Assembly
3 Regular Session, 1997
4
5 By: Representative Kidd
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A Bill

HOUSE BILL 1994

For An Act To Be Entitled

9 "AN ACT TO AMEND ARKANSAS CODE § 26-51-404(b)(9) AND § 26-
10 51-805(g) TO CLARIFY THE DEFINITION OF GROSS INCOME AND
11 THE ELIMINATION FROM GROSS INCOME WITH REGARD TO DIVIDENDS
12 RECEIVED BY A PARENT CORPORATION FROM A SUBSIDIARY WHERE
13 THE PARENT CORPORATION AND THE SUBSIDIARY CORPORATION FILE
14 CONSOLIDATED CORPORATE INCOME TAX RETURNS FOR ARKANSAS
15 INCOME TAX PURPOSES; AND FOR OTHER PURPOSES."

Subtitle

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18 "CLARIFIED FOR CORPORATE INCOME PURPOSES
19 THE TAXABILITY OF DIVIDENDS RECEIVED
20 FROM A SUBSIDIARY CORPORATION WHICH
21 FILES AN ARKANSAS CONSOLIDATED INCOME
22 TAX RETURN WITH THE PARENT CORPORATION."

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24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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26 SECTION 1. Arkansas Code § 26-51-404(b)(9) concerning nontaxable income
27 is amended to read as follows:

28 "(9) Dividends received by a corporation doing business within this
29 state from a subsidiary if at least ninety-five percent (95%) of the
30 subsidiarys capital stock is owned by a corporation doing business within the
31 state, except that the provisions of Arkansas Code § 26-51-805 (the Arkansas
32 Consolidated Corporate Return Act) shall control with regard to the
33 elimination from gross income of dividends paid by corporations that file
34 consolidated Arkansas Corporate Income Tax Returns;"
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36 SECTION 2. Arkansas Code § 26-51-805(g) is amended to read as follows:

1 "(g) This section is specifically designed to clarify the filing of
2 consolidated corporate income tax returns with the Revenue Division of the
3 Department of Finance and Administration and is to amend the Arkansas Income
4 Tax Act, § 26-51-101 et seq. This section is based upon the concept of filing
5 federal consolidated income tax returns. Consistent with this concept,
6 dividends received by a parent corporation from a corporate subsidiary shall
7 not be included in gross income of the parent corporation for Arkansas income
8 tax purposes in any tax year for which the parent and subsidiary corporations
9 file a consolidated Arkansas income tax return pursuant to the provisions of
10 this section."

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12 SECTION 3. All provisions of this act of a general and permanent nature
13 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
14 Revision Commission shall incorporate the same in the Code.

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16 SECTION 4. If any provision of this act or the application thereof to
17 any person or circumstance is held invalid, such invalidity shall not affect
18 other provisions or applications of the act which can be given effect without
19 the invalid provision or application, and to this end the provisions of this
20 act are declared to be severable.

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22 SECTION 5. All laws and parts of laws in conflict with this act are
23 hereby repealed.

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25 SECTION 6. The provisions of this act shall be effective with regard to
26 all tax years or income years that are still open to assessment by the
27 Director of the Department of Finance and Administration or the filing of
28 claims for refund by a taxpayer.

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30 SECTION . EMERGENCY. It is found and determined by the General
31 Assembly of the State of Arkansas that these provisions are in need of
32 clarification to ensure that the original legislative intent is fulfilled and
33 that this act should be effective immediately to prevent possible confusion
34 among taxpayers of this state. Therefore an emergency is declared to exist
35 and this act being immediately necessary for the preservation of the public
36 peace, health and safety shall become effective on the date of its approval by

1 the Governor. If the bill is neither approved nor vetoed by the Governor, it
2 shall become effective on the expiration of the period of time during which
3 the Governor may veto the bill. If the bill is vetoed by the Governor and the
4 veto is overridden, it shall become effective on the date the last house
5 overrides the veto.

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