

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.

1 State of Arkansas
2 84th General Assembly
3 Regular Session, 2003

A Bill

SENATE BILL 334

4
5 By: Senators Miller, Wooldridge, Glover
6
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For An Act To Be Entitled

8
9 AN ACT TO AMEND ARKANSAS LAW TO CLARIFY THE
10 DEDUCTION AVAILABLE TO A CORPORATION FOR INTEREST
11 OR INTANGIBLE EXPENSES PAID TO A RELATED PARTY;
12 AND FOR OTHER PURPOSES.
13

Subtitle

14
15 AN ACT TO CLARIFY THE DEDUCTION OF
16 INTEREST OR INTANGIBLE EXPENSES PAID TO
17 A RELATED PARTY.
18
19

20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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22 SECTION 1. Arkansas Code § 26-51-423, concerning the deduction
23 of various expenses, is amended to add an additional subsection to read as
24 follows:

25 (g)(1) A deduction for interest or intangible-related expenses paid by
26 the taxpayer to a related party shall be allowed only if the interest or
27 intangible related income received by the related party is subject to income
28 tax imposed by the State of Arkansas, another state, or a foreign government
29 that has entered into an income tax treaty with the United States government
30 that specifically prohibits the imposition of United States state income
31 taxes.

32 (2) "Related party" means a related party as defined by Section
33 267 of the federal Internal Revenue Code of 1986, as in effect on January 1,
34 2003.
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36 SECTION 2. This act applies to tax years beginning on or after January



1 1, 2003.
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