

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 85th General Assembly
3 Regular Session, 2005

A Bill

HOUSE BILL 1247

4
5 By: Representative Mahony
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For An Act To Be Entitled

9 AN ACT TO ADOPT THE CURRENT FEDERAL LEGISLATION
10 ON SUBCHAPTER S CORPORATIONS; TO REQUIRE
11 CORPORATIONS TO ELECT SUBCHAPTER S TREATMENT
12 UNDER FEDERAL LAW IN ORDER TO ELECT SUBCHAPTER S
13 FOR ARKANSAS INCOME TAX PURPOSES; AND FOR OTHER
14 PURPOSES.

Subtitle

15
16 AN ACT TO ADOPT THE CURRENT FEDERAL LAW
17 ON SUBCHAPTER S CORPORATIONS AND TO
18 REQUIRE FEDERAL ELECTION OF SUBCHAPTER S
19 IN ORDER TO ELECT SUBCHAPTER S FOR
20 ARKANSAS INCOME TAX PURPOSES.
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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 § 26-51-409(a) and (b), pertaining to
27 Subchapter S corporations, is amended as follows:

28 (a) Subchapter S of the Internal Revenue Code of 1986, as in effect on
29 ~~January 1, 2003~~ January 1, 2005, regarding small business corporations, is
30 hereby adopted for the purpose of computing Arkansas income tax liability.

31 (b)(1) The corporate election and shareholder consents required to be
32 filed under Subchapter S of the federal Internal Revenue Code of 1986 for
33 Arkansas income tax purposes shall be filed with the Director of the
34 Department of Finance and Administration of the State of Arkansas in the same
35 manner and at the same time as required under Subchapter S.

36 (2) A corporation may elect Subchapter S treatment for Arkansas



1 income tax purposes only if it has elected Subchapter S treatment for federal
2 income tax purposes for the same tax year.

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4 SECTION 2. This act shall become effective for tax years beginning on
5 and after January 1, 2005.