1	State of Arkansas	As Engrossed: H3/20/13	
2	89th General Assembly	A Bill	
3	Regular Session, 2013		HOUSE BILL 1866
4			
5	By: Representative Kerr		
6			
7		For An Act To Be Entitled	
8	AN ACT CONCERNING THE COMPUTATION OF INCOME TAX; TO		
9	ADOPT CURRENT INTERNAL REVENUE CODE PROVISIONS		
10	CONCERNING THE COMPUTATION OF INCOME TAX WHEN A		
11	TAXPAYER RESTORES AN AMOUNT HELD UNDER A CLAIM OF		
12	RIGHT; AND	FOR OTHER PURPOSES.	
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15		Subtitle	
16	TO AD	OOPT CURRENT INTERNAL REVENUE CODE	
17	PROVI	ISIONS CONCERNING THE COMPUTATION C)F
18	INCOME TAX WHEN A TAXPAYER RESTORES AN		
19	AMOUN	NT HELD UNDER A CLAIM OF RIGHT.	
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21			
22	BE IT ENACTED BY THE G	ENERAL ASSEMBLY OF THE STATE OF AR	KANSAS:
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24	SECTION 1. Arkansas Code Title 26, Chapter 51, Subchapter 4, is		
25	amended to add an additional section to read as follows:		
26	<u>26-51-457. Clai</u>	m of right.	
27	<u>(a) Title 26 U.</u>	S.C. § 1341(a)(1)-(3) and (b)(2),	as they existed on
28	January 1, 2013, regar	ding the computation of income tax	when a taxpayer
29	restores a substantial amount held under a claim of right, is adopted for		
30	purposes of computing income tax liability under this chapter.		
31	<u>(b)(1) Title 26</u>	6 U.S.C. § 1341(a)(4) and (5), (b)(1), and (b)(3)-(5),
32	concerning the methods of calculating the deduction authorized under 26		
33	U.S.C. § 1341 and special rules for net operating losses and capital losses,		
34	are not adopted.		
35	<u>(2) For t</u>	he purpose of computing income tax	when a taxpayer
36	<u>restores a substantial</u>	<u>l amount held under a claim of righ</u>	t under this section:

As Engrossed: H3/20/13 HB1866

1	(A) The tax imposed under this chapter is calculated for
2	the taxable year by allowing a deduction in the tax year the taxpayer
3	restores the amount held under a claim of right; and
4	(B) Net operating losses and capital losses are calculated
5	and deducted under §§ 26-51-427 and 26-51-815.
6	(c) The Director of the Department of Finance and Administration may
7	promulgate rules to administer this section.
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9	SECTION 2. EFFECTIVE DATE. This act is effective for tax years
10	beginning on or after January 1, 2013.
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15	/s/Kerr
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