

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

A Bill

HOUSE BILL 1406

5 By: Representative Bentley
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For An Act To Be Entitled

8 AN ACT TO ALLOW THE SECRETARY OF STATE TO SETTLE
9 CERTAIN CORPORATE FRANCHISE TAX DISPUTES; AND FOR
10 OTHER PURPOSES.
11

Subtitle

12 TO ALLOW THE SECRETARY OF STATE TO SETTLE
13 CERTAIN CORPORATE FRANCHISE TAX DISPUTES.
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18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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20 SECTION 1. Arkansas Code § 26-54-107(c), concerning the computation of
21 corporate franchise taxes by the Secretary of State, is amended to read as
22 follows:

23 ~~(c)(1) A corporation may seek relief from any proposed assessment of~~
24 ~~taxes pursuant to the Arkansas Administrative Procedure Act, § 25-15-201 et~~
25 ~~seq.~~ The Secretary of State or his or her designee may agree to compound,
26 settle, or compromise a dispute concerning corporate franchise taxes if the
27 taxpayer:

28 (1) Disputes the proposed amount; or

29 ~~(2) This method shall be the exclusive method for seeking relief~~
30 Is insolvent or bankrupt.
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32 SECTION 2. Arkansas Code § 26-54-107, concerning the computation of
33 franchise taxes, penalties, and relief by the Secretary of State, is amended
34 to add additional subsections to read as follows:

35 (d)(1) The Secretary of State may waive any accrued interest or
36 assessed penalties imposed on a taxpayer due to a failure to remit corporate



1 franchise taxes under § 26-54-105(c), if:

2 (A) The taxpayer is reasonably mistaken about the
 3 application of this chapter or the computation of the franchise tax to the
 4 corporation; or

5 (B) A taxpayer cannot pay the accrued interest or assessed
 6 penalties because of the taxpayer's insolvency or bankruptcy.

7 (2) The Secretary of State may waive any fees that a taxpayer
 8 owes if the taxpayer desires to dissolve the corporation.

9 (e)(1) If the Secretary of State or his or her designee agrees to
 10 compound, settle, or compromise a dispute concerning certain franchise taxes
 11 under subsection (c) of this section, it shall be final and conclusive
 12 concerning the taxpayer's liability.

13 (2) Except upon a showing of fraud or misrepresentation of a
 14 material fact:

15 (A) The Secretary of State shall not make any additional
 16 assessment or collection activities for the disputed amount; and

17 (B) The taxpayer shall not institute any proceeding to
 18 recover any further liabilities in a disputed computation.

19 (f) After resolution of a disputed amount, a taxpayer may request a
 20 written statement from the Secretary of State concerning the taxpayer's
 21 liability for corporate franchise taxes for any taxable period of a disputed
 22 computation.

23 (g) The Secretary of State shall develop guidelines to assist a
 24 taxpayer in resolving a corporate franchise tax dispute.

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