| 1 2 | State of Arkansas As Engrossed: $H4/3/19 S4/5/19$ 92nd General Assembly $As Engrossed: H4/3/19 S4/5/19$ | |
|-----|---|----------|
| 3 | Regular Session, 2019 HOUSE BILL 191 | 11 |
| 4 | Regular Session, 2017 | |
| 5 | By: Representative M. Gray | |
| 6 | | |
| 7 | For An Act To Be Entitled | |
| 8 | AN ACT TO AMEND THE INCOME TAX ACT OF 1929 CONCERNING | |
| 9 | WHO SHALL BE TREATED AS THE OWNER OF A PORTION OF A | |
| 10 | TRUST; AND FOR OTHER PURPOSES. | |
| 11 | | |
| 12 | | |
| 13 | Subtitle | |
| 14 | TO AMEND THE INCOME TAX ACT OF 1929 | |
| 15 | CONCERNING WHO SHALL BE TREATED AS THE | |
| 16 | OWNER OF A PORTION OF A TRUST. | |
| 17 | | |
| 18 | | |
| 19 | BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS: | |
| 20 | | |
| 21 | SECTION 1. DO NOT CODIFY. Legislative intent. | |
| 22 | It is the intent of the General Assembly to: | |
| 23 | (1) Adopt 26 U.S.C. §§ 671-679, as they existed on January 1, | |
| 24 | 2019, in recognition of the fact that the Income Tax Act of 1929, § 26-51-10. | <u>1</u> |
| 25 | et seq., has not previously addressed the issue of the taxation of trusts and | <u>d</u> |
| 26 | their beneficiaries that are grantor trusts for federal income tax purposes; | |
| 27 | (2) For the purposes of Arkansas income taxes, conform the | |
| 28 | income tax treatment of trusts and beneficiaries that are grantor trusts for | |
| 29 | federal income tax purposes; and | |
| 30 | (3) Provide for prospective application of the adoption of 26 | |
| 31 | U.S.C. §§ 671-679, as they existed on January 1, 2019, to provide Arkansas | |
| 32 | taxpayers adequate time to arrange their financial and tax affairs. | |
| 33 | | |
| 34 | SECTION 2. Arkansas Code § 26-51-201, concerning the income tax levied | d |
| 35 | on individuals, trusts, and estates, is amended to add an additional | |
| 36 | subsection to read as follows: | |

04-05-2019 13:12:02 JLL216

| 1 | (f)(1) Title 26 U.S.C. §§ $671-679$, as in effect on January 1, 2019 , |
|---------------------------------|---|
| 2 | are adopted for purposes of determining whether the grantor or another person |
| 3 | shall be treated as the owner of a portion of a trust for Arkansas income tax |
| 4 | purposes. |
| 5 | (2) A grantor or other person described in 26 U.S.C. §§ 671-679, |
| 6 | as in effect on January 1, 2019, is subject to the filing and reporting |
| 7 | requirements of § 26-51-806. |
| 8 | |
| 9 | SECTION 3. EFFECTIVE DATE. Section 2 of this act is effective for tax |
| 10 | years beginning on or after January 1, 2020. |
| 11 | |
| 12 | |
| 13 | /s/M. Gray |
| 14 | |
| 15 | |
| 16 | |
| 17 | |
| 18 | |
| 19 | |
| 20 | |
| 21 | |
| 22 | |
| 23 | |
| 24 | |
| 25 | |
| 26 | |
| 2728 | |
| 29 | |
| 30 | |
| 31 | |
| 32 | |
| 33 | |
| 34 | |
| 35 | |
| 36 | |
| | |