

State of Arkansas
91st General Assembly
Regular Session, 2017

As Engrossed: S3/2/17
A Bill

HOUSE BILL 1562

By: Representative Jett

For An Act To Be Entitled

AN ACT TO REQUIRE THAT PARTNERSHIP INCOME BE
DETERMINED FOR STATE INCOME TAX PURPOSES BY USING AN
APPORTIONMENT METHOD; AND FOR OTHER PURPOSES.

Subtitle

TO REQUIRE THAT PARTNERSHIP INCOME BE
DETERMINED FOR STATE INCOME TAX PURPOSES
BY USING AN APPORTIONMENT METHOD.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 26-51-802(c), concerning partnership income tax returns, is amended to read as follows:

(c)(1) ~~The provisions of § 26-51-702 are not applicable to partnerships filing Arkansas partnership returns.~~ A partnership that files an Arkansas partnership return and has income from both within and without Arkansas shall apportion income to Arkansas under the Uniform Division of Income for Tax Purposes Act, § 26-51-701 et seq.

(2) Subject to the provisions of § 26-51-202(e), all partnership income from activities within this state ~~that is reflected on a partnership return~~ shall be allocated to this state by each partner as determined and reported on the Arkansas partnership return.

(3) If the apportionment of income by a partnership having income from both within and without Arkansas does not fairly represent the extent of the partnership's business activity in this state, the partnership may petition for or the Director of the Department of Finance and Administration may require, in respect to all or any part of the taxpayer's



business activity, if reasonable:

(A) Separate accounting;

(B) The exclusion of any one (1) or more factors;

(C) The inclusion of one (1) or more additional factors that will fairly represent the taxpayer's business activity in this state; or

(D) The employment of any other method to effectuate an equitable allocation and apportionment of the taxpayer's partnership income.

SECTION 2. EFFECTIVE DATE. Section 1 of this act is effective for tax years beginning on and after January 1, 2018.

/s/Jett

APPROVED: 03/14/2017