

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
89th General Assembly
Regular Session, 2013

As Engrossed: S3/12/13
A Bill

SENATE BILL 831

By: Senator Files

For An Act To Be Entitled

AN ACT TO ADOPT RECENT CHANGES TO THE INTERNAL
REVENUE CODE; TO MAKE TECHNICAL CORRECTIONS TO THE
INCOME TAX LAWS; AND FOR OTHER PURPOSES.

Subtitle

TO ADOPT RECENT CHANGES TO THE INTERNAL
REVENUE CODE; AND TO MAKE TECHNICAL
CORRECTIONS TO THE INCOME TAX LAWS.

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

SECTION 1. Arkansas Code § 26-51-404(a)(4), concerning the definition of "gross income", is amended to read as follows:

(4) Title 26 U.S.C. § 117, as in effect on ~~January 1, 2011~~
January 2, 2013, regarding the taxability of scholarships, fellowships,
grants, and stipends, is adopted for the purpose of clarifying and
calculating Arkansas income tax liability.

SECTION 2. Arkansas Code § 26-51-404(b)(9) and (10), concerning exemptions from the definition of "gross income", are amended to read as follows:

(9) In the case of an ordained, commissioned, or licensed minister of a recognized church+

~~(A) The rental value of a home furnished to him or her; or~~

~~(B) The rental allowance paid to him or her, to the extent that the allowance is used by the minister to rent or to provide a home; 26 U.S.C. § 107, as in effect on January 2, 2013, regarding the rental value of~~



parsonages, is adopted for the purpose of computing Arkansas income tax liability;

(10) Title 26 U.S.C. §§ 108 and 1017, as in effect on ~~January 1, 2011~~ January 2, 2013, regarding income from the discharge of indebtedness, are adopted for the purpose of computing Arkansas income tax liability;

SECTION 3. Arkansas Code § 26-51-404(b)(19) and (20), concerning exemptions from the definition of “gross income”, are amended to read as follows:

(19) Title 26 U.S.C. § 132, as in effect on ~~January 1, 2009~~ January 2, 2013, regarding the exclusion from income of certain fringe benefits, is adopted for the purpose of computing Arkansas income tax liability;

(20) Title 26 U.S.C. § 127, as in effect on ~~January 1, 2011~~ January 2, 2013, regarding the exclusion from gross income for employees whose education expenses were paid by an employer, is adopted for the purpose of computing Arkansas income tax liability;

SECTION 4. Arkansas Code § 26-51-404(b)(25), concerning exemptions from the definition of “gross income”, is amended to read as follows:

(25) Title 26 U.S.C. § 137, as in effect on ~~January 1, 2011~~ January 2, 2013, regarding the exclusion from gross income of benefits received under an employer’s adoption assistance program, is adopted for the purpose of computing Arkansas income tax liability;

SECTION 5. Arkansas Code § 26-51-409(a), concerning the adoption of the federal Subchapter S regarding small business corporations, is amended to read as follows:

(a) Subchapter S of the Internal Revenue Code, 26 U.S.C. § 1361 et seq., as in effect on ~~January 1, 2011~~ January 2, 2013, regarding small business corporations, is adopted for the purpose of computing Arkansas income tax liability.

SECTION 6. Arkansas Code § 26-51-414(a)(1)(A), concerning the application of certain federal law to deferred compensation plans for purposes of computing income tax liability, is amended to read as follows:

(A) Title 26 U.S.C. §§ 72, 219, 402-404, 406-416, and 457, as in effect on ~~January 1, 2011~~ January 2, 2013; and

SECTION 7. Arkansas Code § 26-51-415 is amended to read as follows:

26-51-415. Deductions – Interest.

Title 26 U.S.C. § 163, as in effect on ~~January 1, 2011~~ January 2, 2013, regarding deductions for interest expenses, is adopted for the purpose of computing Arkansas income tax liability.

SECTION 8. Arkansas Code § 26-51-419(a)(1), concerning deductions for charitable contributions, is amended to read as follows:

(a)(1)~~(A)~~ Title 26 U.S.C. § 170, as in effect on ~~January 1, 2011~~ January 2, 2013, regarding deductions for charitable contributions, is adopted for the purpose of computing Arkansas income tax liability.

~~(B) This adoption is for taxable years beginning on or after January 1, 2011, and does not have an effect on tax years before its adoption.~~

SECTION 9. Arkansas Code § 26-51-423(d), concerning deductions for certain expenses, is amended to read as follows:

(d) Title 26 U.S.C. § 221, as in effect on ~~January 1, 2011~~ January 2, 2013, regarding the deduction of interest paid on qualified education loans, is adopted for the purpose of computing Arkansas income tax liability.

SECTION 10. Arkansas Code § 26-51-428(a), concerning the depreciation and expensing of property, is amended to read as follows:

(a) Title 26 U.S.C. §§ 167, 168(a)-(j), and 179A, as in effect on ~~January 1, 2009~~ January 2, 2013, and 26 U.S.C. § 179, as in effect on *January 1, 2009*, regarding depreciation and expensing of property, are adopted for the purpose of computing Arkansas income tax liability for property purchased in tax years beginning on or after January 1, ~~2009~~ 2012.

SECTION 11. Arkansas Code § 26-51-440(a)(1), concerning the adoption of the federal Subchapter M, is amended to read as follows:

(a)(1) Subchapter M of the Internal Revenue Code, 26 U.S.C. § 851 et seq., as in effect on ~~January 1, 2011~~ January 2, 2013, relating to regulated

investment companies, real estate investment trusts, real estate mortgage investment conduits, and financial asset securitization investment trusts, is adopted for the purpose of computing Arkansas income tax liability and shall govern all corporations that are registered as investment companies under the Investment Company Act of 1940, 15 U.S.C. § 80a-1 et seq., as in effect on ~~January 1, 2011~~ January 2, 2013.

SECTION 12. Arkansas Code § 26-51-445(a), concerning adoption expenses, is amended to read as follows:

(a) Title 26 U.S.C. § 23, as in effect on ~~January 1, 2003~~ January 2, 2013, and 26 U.S.C. § 36C, as in effect on ~~January 1, 2011~~ January 2, 2013, are adopted for purposes of determining the allowable credit for adoption-related fees, costs, and expenses paid or incurred by a taxpayer.

SECTION 13. Arkansas Code § 26-51-448(a), concerning educational individual retirement accounts, is amended to read as follows:

(a) Title 26 U.S.C. § 530, as in effect on ~~January 1, 2011~~ January 2, 2013, relating to educational individual retirement accounts, is adopted for the ~~purposes~~ purpose of computing Arkansas income tax liability.

SECTION 14. Arkansas Code § 26-51-502(b)(1), concerning the income tax credit for household and dependent care services, is amended to read as follows:

(b)(1) Title 26 U.S.C. § 21, as in effect on ~~January 1, 2011~~ January 2, 2013, is adopted for purposes of determining the allowable credit under the Income Tax Act of 1929, § 26-51-101 et seq., for household and dependent care services necessary for gainful employment.

SECTION 15. Arkansas Code § 26-51-502(c)(1)(A)(i), concerning the income tax credit for household and dependent care services, is amended to read as follows:

(c)(1)(A)(i) A credit, which is equal to twenty percent (20%) of the federal child care credit as allowed under Title 26 U.S.C. § 21, as in effect on ~~January 1, 1993~~ January 2, 2013, shall be allowed to qualified individuals against the income tax imposed by the Income Tax Act of 1929, § 26-51-101 et seq.

SECTION 16. Arkansas Code § 26-51-502(c)(3), concerning the income tax credit for household and dependent care services, is amended to read as follows:

(3) The credit allowed in this subsection shall be effective for taxable years beginning ~~January 1, 1993~~ January 1, 2013.

SECTION 17. EFFECTIVE DATE.

(a) Sections 5-8 and 10 of this act apply retroactively to tax years beginning on or after January 1, 2012.

(b) Sections 1-4, 9, and 11-16 of this act are effective for tax years beginning on or after January 1, 2013.

/s/Files