

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

State of Arkansas
92nd General Assembly
Regular Session, 2019

As Engrossed: H4/3/19 S4/5/19
A Bill

HOUSE BILL 1911

By: Representative M. Gray

For An Act To Be Entitled

AN ACT TO AMEND THE INCOME TAX ACT OF 1929 CONCERNING WHO SHALL BE TREATED AS THE OWNER OF A PORTION OF A TRUST; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE INCOME TAX ACT OF 1929 CONCERNING WHO SHALL BE TREATED AS THE OWNER OF A PORTION OF A TRUST.

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

SECTION 1. DO NOT CODIFY. Legislative intent.

It is the intent of the General Assembly to:

(1) Adopt 26 U.S.C. §§ 671-679, as they existed on January 1, 2019, in recognition of the fact that the Income Tax Act of 1929, § 26-51-101 et seq., has not previously addressed the issue of the taxation of trusts and their beneficiaries that are grantor trusts for federal income tax purposes;

(2) For the purposes of Arkansas income taxes, conform the income tax treatment of trusts and beneficiaries that are grantor trusts for federal income tax purposes; and

(3) Provide for prospective application of the adoption of 26 U.S.C. §§ 671-679, as they existed on January 1, 2019, to provide Arkansas taxpayers adequate time to arrange their financial and tax affairs.

SECTION 2. Arkansas Code § 26-51-201, concerning the income tax levied on individuals, trusts, and estates, is amended to add an additional subsection to read as follows:



(f)(1) Title 26 U.S.C. §§ 671-679, as in effect on January 1, 2019, are adopted for purposes of determining whether the grantor or another person shall be treated as the owner of a portion of a trust for Arkansas income tax purposes.

(2) A grantor or other person described in 26 U.S.C. §§ 671-679, as in effect on January 1, 2019, is subject to the filing and reporting requirements of § 26-51-806.

SECTION 3. EFFECTIVE DATE. Section 2 of this act is effective for tax years beginning on or after January 1, 2020.

/s/M. Gray