

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

State of Arkansas
94th General Assembly
Regular Session, 2023

A Bill

SENATE BILL 38

By: Senator J. Dotson

For An Act To Be Entitled

AN ACT CONCERNING THE APPORTIONMENT OF BUSINESS
INCOME FOR INCOME TAX PURPOSES; TO REPEAL THE
THROWBACK RULE; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE INCOME TAX PROVISIONS
CONCERNING THE APPORTIONMENT OF BUSINESS
INCOME; AND TO REPEAL THE THROWBACK RULE.

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

SECTION 1. Arkansas Code § 26-51-703 is amended to read as follows:

26-51-703. Taxpayer taxable in another state.

For purposes of allocation and apportionment of income under this Act, a taxpayer is taxable in another state if (1) in that state the taxpayer is subject to a net income tax, a franchise tax measured by net income, or any other tax measured by income or other measure of business activity in the state and the taxpayer files the requisite tax return in the other state, or (2) the state has no net income tax, franchise tax measured by net income, or any other tax measured by income or other measure of business activity in the state as provided in subdivision (1) of this section ~~and the taxpayer has activities in the other state that exceed those protected by 15 U.S.C. §§ 381-385.~~

SECTION 2. Arkansas Code § 26-51-716 is amended to read as follows:

26-51-716. Sales of tangible personal property.

Sales of tangible personal property are in this state if+



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~~(a) the property is delivered or shipped to a purchaser, other than the United States government, within this state regardless of the f.o.b. point or other conditions of the sale; or~~

~~(b) the property is shipped from an office, store, warehouse, factory, or other place of storage in this state and (1) the purchaser is the United States government or (2) the taxpayer is not taxable in the state of the purchaser.~~

SECTION 3. EFFECTIVE DATE. Sections 1 and 2 of this act are effective for tax years beginning on or after January 1, 2023.