

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB108**

**Bill Subtitle: TO EXTEND THE NET OPERATING LOSS CARRY-FORWARD PERIOD FOR CALCULATING ARKANSAS INCOME TAX; AND TO MAKE TECHNICAL CHANGES.**

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### **Basic Change :**

Senator Ingram

Increases the net operating loss carry forward provision from 5 years to 10 years for income years beginning on or after January 1, 2013. Effective for losses established on or after January 1, 2013

### **Revenue Impact :**

Estimate Revenue loss of \$13,619,000 for FY2020

Estimate Revenue Loss of \$26,771,000 for FY2021

Estimate Revenue Loss of \$39,457,000 for FY2022

Estimate Revenue Loss of \$51,675,000 for FY2023

Estimate Revenue Loss of \$63,426,000 for FY2024 and after

### **Taxpayer Impact :**

Net operating losses established on or after January 1, 2013 can be carried forward for 10 years. Taxpayer would be required to maintain records to substantiate the net operating loss deduction.

### **Resources Required :**

Booklet changes, changes in forms, changes in computer programs and changes in return processing procedures.

### **Time Required :**

Adequate time is provided.

### **Procedural Changes :**

Forms and instructions, employee training and processing procedures need to be modified. Taxpayers, tax preparers and software companies will need to be informed.

### **Other Comments :**

None

### **Legal Analysis :**

This bill extends the carryforward period for net operating losses for losses that occur in an income year beginning on or after January 1, 2013 to a maximum of 10 years. Current law provides a five-year carryforward net operating losses.

The act is effective for tax years beginning or after January 1, 2013.