

1 State of Arkansas
2 84th General Assembly
3 Second Extraordinary Session, 2003
4

Call Item 6

A Bill

HOUSE BILL 1104

5 By: Representative Jackson
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For An Act To Be Entitled

9 AN ACT TO AMEND ARKANSAS LAW TO BROADEN THE SCOPE
10 OF THE CORPORATE INCOME TAX LEVIED UPON
11 MULTISTATE CORPORATIONS; AND FOR OTHER PURPOSES.
12

Subtitle

14 TO BROADEN THE SCOPE OF THE CORPORATE
15 INCOME TAX LEVIED UPON MULTISTATE
16 CORPORATIONS.
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18

19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 SECTION 1. Article IV, Section 1.(a) of the Multistate Tax Compact,
22 Arkansas Code § 26-5-101, regarding the definition of "business income" for
23 income tax purposes, is amended to read as follows:

24 ~~(a) "Business income" means income arising from transactions and~~
25 ~~activity in the regular course of the taxpayer's trade or business and~~
26 ~~includes income from tangible and intangible property if the acquisition,~~
27 ~~management, and disposition of the property constitute integral parts of the~~
28 ~~taxpayer's regular trade or business operations;~~

29 (a) "Business income" means:

30 (i) Income arising from transactions or activities in the course
31 of the taxpayer's trade or business;

32 (ii) Income from tangible or intangible property if the
33 acquisition, management, or disposition of the property constitutes integral
34 parts of the taxpayer's trade or business operations;

35 (iii) Gain or loss resulting from the sale, exchange, or other
36 disposition of real property, tangible personal property or intangible



1 personal property, if the property while owned by the taxpayer was
2 operationally related to the taxpayer's trade or business carried on in
3 Arkansas;

4 (iv) Gain or loss resulting from the sale, exchange, or other
5 disposition of stock in another corporation if the activities of the other
6 corporation were operationally related to the taxpayer's trade or business
7 carried on in Arkansas while the stock was owned by the taxpayer.

8 (v) A taxpayer may have more than one trade or business in
9 determining whether income is business income;

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11 SECTION 2. Arkansas Code § 26-51-701(a), concerning the definition of
12 business income, is amended to read as follows:

13 ~~(a) "Business income" means income arising from transactions and~~
14 ~~activity in the regular course of the taxpayer's trade or business and~~
15 ~~includes income from tangible and intangible property if the acquisition,~~
16 ~~management, and disposition of the property constitute integral parts of the~~
17 ~~taxpayer's regular trade or business operations;~~

18 (a)(1) "Business income" means:

19 (A) Income arising from transactions or activities in the
20 course of the taxpayer's trade or business;

21 (B) Income from tangible or intangible property if the
22 acquisition, management, or disposition of the property constitutes integral
23 parts of the taxpayer's trade or business operations;

24 (C) Gain or loss resulting from the sale, exchange, or
25 other disposition of real property, tangible personal property or intangible
26 personal property, if the property while owned by the taxpayer was
27 operationally related to the taxpayer's trade or business carried on in
28 Arkansas; and

29 (D) Gain or loss resulting from the sale, exchange, or
30 other disposition of stock in another corporation if the activities of the
31 other corporation were operationally related to the taxpayer's trade or
32 business carried on in Arkansas while the stock was owned by the taxpayer.

33 (2) A taxpayer may have more than one trade or business in
34 determining whether income is business income;

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36 SECTION 3. This act shall become effective for tax years beginning on

1 or after January 1, 2004.
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