

1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

A Bill

SENATE BILL 38

5 By: Senator J. Dotson
6

For An Act To Be Entitled

8 AN ACT CONCERNING THE APPORTIONMENT OF BUSINESS
9 INCOME FOR INCOME TAX PURPOSES; TO REPEAL THE
10 THROWBACK RULE; AND FOR OTHER PURPOSES.
11

Subtitle

12
13
14 TO AMEND THE INCOME TAX PROVISIONS
15 CONCERNING THE APPORTIONMENT OF BUSINESS
16 INCOME; AND TO REPEAL THE THROWBACK RULE.
17

18
19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
20

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

22 26-51-703. Taxpayer taxable in another state.

23 For purposes of allocation and apportionment of income under this Act,
24 a taxpayer is taxable in another state if (1) in that state the taxpayer is
25 subject to a net income tax, a franchise tax measured by net income, or any
26 other tax measured by income or other measure of business activity in the
27 state and the taxpayer files the requisite tax return in the other state, or
28 (2) the state has no net income tax, franchise tax measured by net income,
29 or any other tax measured by income or other measure of business activity in
30 the state as provided in subdivision (1) of this section ~~and the taxpayer has~~
31 ~~activities in the other state that exceed those protected by 15 U.S.C. §§~~
32 ~~381-385.~~
33

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

35 26-51-716. Sales of tangible personal property.

36 Sales of tangible personal property are in this state if+



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

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

8
9 SECTION 3. EFFECTIVE DATE. Sections 1 and 2 of this act are effective
10 for tax years beginning on or after January 1, 2023.