

Indirect Expenditure Report

Report for FY 2015 - FY 2019

Alaska Department of Revenue

July 1, 2020



Indirect Expenditure Report

Department of Revenue

Corporate Income Tax

Federal Tax Credits

Type: Credit
Statutory/Other Authority: AS 43.20.021
Year Enacted: 1975
Sunset/Repeal Date: None

Revenue Impact				
FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
\$2,276,765	\$1,936,758	\$1,928,694	\$2,419,294	FY 2019 incomplete.

Note: All returns with tax periods beginning in FY 2019 have not yet been received, so FY 2019 data is incomplete.

Description

Under Alaska's adoption of the Internal Revenue Code, taxpayers can claim most federal incentive credits. Federal credits that refund other federal taxes are not allowed. Multi-state taxpayers apportion their total federal incentive credits. For most credits, the credit is limited to 18% of the amount of the credit determined for federal tax purposes which is attributable to Alaska.

Legislative Intent, Public Purpose

The adoption by reference of federal credits to support the efficient administration of the corporate income tax through uniformity with the federal incentive credits.

Who Benefits and Number of Beneficiaries

Between 300 and 500 companies in a given fiscal year.

Estimated Cost to Administer

No additional cost; is administered with current resources.

Department of Revenue

Corporate Income Tax

Foreign Royalty Exclusion

Type: Exclusion
Statutory/Other Authority: AS 43.20.145(b)
Year Enacted: 1991
Sunset/Repeal Date: None

Revenue Impact				
FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
\$1,913,154	\$1,479,879	\$1,706,901	\$2,169,950	FY 2019 incomplete.

Note: All returns with tax periods beginning in FY 2019 have not yet been received, so FY 2019 data is incomplete.

Description

Excludes 80% of foreign royalties from apportionable income.

Legislative Intent, Public Purpose

The sponsor of the legislation stated in committee that the purpose was to encourage foreign investment in Alaska.

Who Benefits and Number of Beneficiaries

Approximately 250 companies.

Estimated Cost to Administer

No additional cost; is administered with current resources.