

AMENDMENT #4

OFFERED IN THE HOUSE

BY REPRESENTATIVE KOHRING

TO: CSHB 303(RLS), Draft Version "I"

1 Page 1, line 1, following "income;": (title amendment)

2 Insert "imposing an individual income tax, and repealing that tax;"

3

4 Page 8, following line 6:

5 Insert a new bill section to read:

6 "* Sec. 5. AS 43.20.030(a) is amended to read:

7 (a) **If a** [EVERY INDIVIDUAL, PARTNERSHIP, AND] corporation, **or a**
8 **partnership that has a corporation as a partner, is** required to make a return under
9 the provisions of the Internal Revenue Code, **it** shall file with the department, **within**
10 **30 days after the federal return is required to be filed,** a return setting out

11 (1) the amount of tax due under this chapter, less [ALLOWABLE]
12 credits [AND PAYMENTS] claimed against the tax; and

13 (2) other information that the department requires for the purpose of
14 carrying out the provisions of this chapter."

15

16 Renumber the following bill sections accordingly.

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18 Page 8, following line 28:

19 Insert a new bill section to read:

20 "* Sec. 7. AS 43.20.030(d) is amended to read:

21 (d) A taxpayer, upon request by the department, shall **furnish to the**
22 **department** [FILE WITH THE TAXPAYER'S STATE RETURN] a true copy of the
23 tax return **that the taxpayer has** filed with the United States Internal Revenue
24 Service. Every taxpayer shall **notify** [FILE AN AMENDED RETURN WITH] the

1 department in writing of any alteration in, or modification of, the taxpayer's
 2 federal income tax return and of a recomputation of tax or determination of
 3 deficiency, whether with or without assessment. A full statement of the facts
 4 must accompany this notice. The notice shall be filed [, AND REMIT ANY
 5 ADDITIONAL TAX AND INTEREST DUE,] within 60 days after the [A] final
 6 determination of the modification, recomputation, or deficiency, and the taxpayer
 7 shall pay the additional tax or penalty under this chapter [TAXPAYER'S
 8 FEDERAL TAX LIABILITY]. For purposes of this section [SUBSECTION], a final
 9 determination means the date that an amended federal return is filed or a notice of
 10 deficiency or an [, THE DATE A FEDERAL] assessment is mailed to [MADE, OR
 11 THE DATE THE RESTRICTIONS ON ASSESSMENT ARE WAIVED BY] the
 12 taxpayer by the Internal Revenue Service, except that in no event may there be a
 13 final determination for purposes of this section until the taxpayer has exhausted
 14 rights of appeal under federal law."

15
 16 Renumber the following bill sections accordingly.

17
 18 Page 9, following line 4:

19 Insert a new bill section to read:

20 **"* Sec. 10.** AS 43.20.031(c) is amended to read:

21 (c) In computing the tax under this chapter, the taxpayer [A
 22 CORPORATION] is not entitled to deduct any taxes based on or measured by net
 23 income."
 24

25 Renumber the following bill sections accordingly.

26
 27 Page 10, following line 5:

28 Insert a new bill section to read:

29 **"* Sec. 12.** AS 43.20.040 is repealed and reenacted to read:

30 **Sec. 43.20.040. Income from sources in the state.** (a) In this chapter,
 31 income from sources in the state includes

- 1 (1) income from real or tangible personal property located in the state;
 2 (2) income of whatever nature from a business, trade or profession
 3 having a business situs in the state and compensation for services rendered in the state;
 4 (3) income from stocks, bonds, notes, bank deposits, and other
 5 intangible personal property having a taxable or business situs in the state;
 6 (4) rentals and royalties for the use of or for the privilege of using, in
 7 the state, patents, copyrights, secret processes and formulas, good will, marks, trade
 8 brands, franchises, and other property having a taxable or business situs in the state.

9 (b) In this section, income is from a source having a taxable or business situs
 10 in the state if it is derived from

- 11 (1) owning or operating business facilities or property in the state;
 12 (2) conducting business, farming, or fishing operations in the state;
 13 (3) a partnership which transacts business in the state;
 14 (4) a corporation which transacts business in the state which has
 15 elected to file federal returns under subchapter S of the Internal Revenue Code;
 16 (5) engaging in any other activity from which income is received,
 17 realized or derived in the state.

18 (c) The receipt of income derived solely from interest earned on property in
 19 the state does not alone establish a taxable or business situs in the state."
 20

21 Renumber the following bill sections accordingly.

22
 23 Page 12, following line 2:

24 Insert a new bill section to read:

25 **** Sec. 17.** AS 43.20.200(b) is amended to read:

26 (b) The same period of limitation upon the assessment and collection of taxes
 27 imposed under this chapter and the same exceptions to it shall apply as provided in 26
 28 U.S.C. 6501 - 6503 (Internal Revenue Code). In the case of additional tax due by
 29 reason of a modification, recomputation, or determination of deficiency in a taxpayer's
 30 federal income tax return, the period of limitation on assessment commences from the
 31 date that the **notice** [AMENDED RETURN] required in AS 43.20.030(d) is filed, and

1 if no **notice** [AMENDED RETURN] is filed the tax may be assessed at any time."

2

3 Renumber the following bill sections accordingly.

4

5 Page 12, following line 10:

6 Insert a new bill section to read:

7 "* **Sec. 20.** AS 43.05.300; AS 43.20.009, 43.20.029, 43.20.030(h), 43.20.046, 43.20.171,
8 43.20.174, 43.20.340(12), 43.20.340(13), and 43.20.340(14) are repealed."

9

10 Page 12, line 23:

11 Delete "Section 16"

12 Insert "Section 22"

13

14 Page 12, following line 23:

15 Insert a new bill section to read:

16 "* **Sec. 24.** Sections 5, 7, 10, 12, 17, and 20 take effect January 1, 2008."

17

18 Renumber the following bill section accordingly.

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20 Page 12, line 24:

21 Delete "sec. 17"

22 Insert "secs. 23 and 24"