

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

IN THE HOUSE

BY THE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR

HOUSE BILL NO. 40

IN THE LEGISLATURE OF THE STATE OF ALASKA

SECOND LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the net income tax; amending Subsec. A of Sec. 5, Ch. 115, SLA 1949 as last amended by Ch. 181, SLA 1957; amending Subsec. B of Sec. 8, Ch. 115, SLA 1949 as last amended by Ch. 21, SLA 1959."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

Section 1. Subsec. A of Sec. 5, Ch. 115, SLA 1949, as repealed and re-enacted by Ch. 132, SLA 1951, as amended by Ch. 188, SLA 1955, as repealed and re-enacted by Ch. 64, SLA 1957, and as amended by Ch. 181, SLA 1957, is amended to read:

Sec. 5, TAX ON INDIVIDUALS, FIDUCIARIES, CORPORATIONS AND BANKS.

A. GENERAL RULE. There is hereby levied and there shall be collected and paid for each taxable year upon the net income of every resident and non-resident individual, fiduciary and bank required to make a return and pay a tax under the Federal Income Tax law, a tax equal to 16 [14] percent of the total income tax that would be payable for the same taxable year to the United States under the provisions of Chapter 1 of subtitle A of the 1954 Internal Revenue Code, Public Law 591, 83d Congress, 2nd Session, as amended, upon all income derived from sources within the state [TERRITORY], without benefit of the deduction of the

1 tax payable hereunder to the state [TERRITORY]: Provided,
2 however, that there is hereby levied and shall be collected
3 and paid for each taxable year upon the net income of
4 every resident and non-resident corporation required to make
5 a return and any tax under the Federal Income tax law, a tax
6 equal to 18% of the total income tax that would be payable
7 for the same taxable year to the United States under provi-
8 sions of Chapter 1 of Sub Title A of the 1954 Internal Revenue
9 Code, Public Law 591, 83d Congress, 2nd Session, as amended,
10 upon all income derived from sources within the state
11 [TERRITORY] without benefit of the deductions of the taxes
12 payable hereunder to the state [TERRITORY]: Provided, however,
13 the following exceptions, modifications and additions to the
14 general rule shall apply:

15 (1) All taxpayers whose income includes a cost of
16 living allowance which is exempt from the Federal Income Tax
17 shall determine and include such amount as part of their in-
18 come as if such cost of living allowance had not been exempt.

19 (2) Standard exemptions, credits and deductions may not
20 be claimed by persons who are not residents of Alaska for the
21 full twelve months of the tax year and they shall be subject
22 to the following limitations:

23 (a) Personal exemption and dependency credits
24 claimed shall be allowed only in that proportion of the
25 total exemptions and credits as the number of months said
26 taxpayer is physically present in Alaska bears to 12 months.
27 A fractional part of the month shall be disregarded unless it
28 amounts to more than one-half of a month in which case it
29 shall be considered as a month.

1 (b) 1. Deductions claimed shall be allowed only if
2 and to the extent that they are directly connected with:

3 a. income which arises from sources
4 within Alaska; or

5 b. property having a situs for taxation
6 within Alaska.

7 2. Contributions or gifts claimed shall be
8 allowed only:

9 a. in the amounts otherwise authorized
10 in this Act; and

11 b. if such contributions or gifts were
12 made within the tax year to Alaska or any political subdivi-
13 sion thereof for use exclusively for public purposes within
14 Alaska, or to a non-profit corporation or association formed
15 and/or located within Alaska.

16 Sec. 2. Subsec. B of Sec. 8, Ch. 115, SLA 1949 as amended
17 by Ch. 188, SLA 1955 and Ch. 21, SLA 1959 is amended to read:

18 B. REQUIREMENT OF WITHHOLDING. Every employer making
19 payment of wages or salaries shall deduct and withhold a
20 tax in the amount of sixteen [FOURTEEN] percent of the tax
21 deducted and withheld under the provisions of subchapter (D),
22 Chapter 9 of the Internal Revenue Code, except that in the
23 case of employees whose wage or salary includes a cost-of-
24 living allowance which is exempt from the Federal income tax,
25 the amount to be deducted and withheld hereunder shall be
26 determined as if such cost-of-living allowance had not been
27 so exempt. Every employer making a deduction and a withhold-
28 ing as outlined above, shall furnish to the employee upon
29 request a record of the amount of tax withheld from such

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

employee on forms to be prescribed, prepared and furnished
by the Commissioner of Revenue [TAX COMMISSIONER].

Sec. 3. This Act shall apply retroactively from January 1,
1961.