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IN THE HOUSE

BY THE RULES COMMITTEE
BY REQUEST

HOUSE BILL NO. 262

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the Alaska net income tax; and providing for an effective date."

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

* Section 1. AS 43.20.010(a) is repealed and re-enacted to read:

(a) There is levied and there shall be collected and paid for each taxable year upon the net income of every resident individual, fiduciary and bank that is required to make a return and pay a tax under the federal income tax law a tax equal to 16 per cent of the total income tax that would be payable for the same taxable year to the United States at the federal tax rates in effect on December 31, 1963, under the provisions of chapter 1 of subtitle A of the 1954 Internal Revenue Code, Public Law 591, 83rd Congress, 2nd Session, as amended, upon all income derived from all sources. There is levied and there shall be collected and paid for each taxable year upon the net income of every non-resident individual, fiduciary and bank that is required to make a return and pay a tax under the federal income tax law, a tax equal to 16 per cent of the total income tax that would be payable for the same taxable year to the United States at the federal tax rates in effect on December 31, 1963, under the provisions of chapter 1 of subtitle A of the 1954 Internal Revenue Code, Public Law 591, 83rd Congress,

1 2nd Session, as amended, upon all income derived from
2 sources within the state.

3 * Sec. 2. AS 43.20.010(b) is repealed and re-enacted to read:

4 (b) There is levied and there shall be collected and
5 paid for each taxable year upon the net income of every
6 resident corporation that is required to make a return and
7 pay a tax under the federal income tax law a tax equal to 18
8 per cent of the total income tax that would be payable for
9 the same taxable year to the United States at the federal tax
10 rates in effect on December 31, 1963, under the provisions
11 of chapter 1 of subtitle A of the 1954 Internal Revenue
12 Code, Public Law 591, 83rd Congress, 2nd Session, as amended,
13 upon all income derived from all sources. There is levied
14 and there shall be collected and paid for each taxable year
15 upon the net income of every nonresident corporation that is
16 required to make a return and pay a tax under the federal
17 income tax law a tax equal to 18 per cent of the total
18 income tax that would be payable for the same taxable year
19 to the United States at the federal tax rates in effect on
20 December 31, 1963, under the provisions of chapter 1 of sub-
21 title A of the 1954 Internal Revenue Code, Public Law 591,
22 83rd Congress, 2nd Session, as amended, upon all income
23 derived from sources within the state.

24 * Sec. 3. AS 43.20.010(c)(2) is repealed and re-enacted to
25 read:

26 (2) Any person who becomes a resident of the
27 state during a taxable year is taxable on that proportion of
28 his entire net income as the number of months he was actually
29 a resident of the state bears to 12 months. Personal

1 exemptions and dependency credits claimed may be allowed
2 only in that proportion of the total exemptions and credits
3 as the number of months the taxpayer is actually a resident
4 of the state bears to 12 months. A fractional part of the
5 month shall be disregarded unless it amounts to more than
6 one-half of a month in which case it shall be considered as
7 a month.

8 * Sec. 4. AS 43.20.040(a) is amended to read:

9 (a) Income from sources in the state, for the purposes
10 of this chapter, includes (1) income from real or tangible
11 personal property located in the state; (2) income from a
12 business, trade, or profession, and compensation for
13 services rendered in the state; (3) income from stocks, bonds,
14 notes, bank deposits, and other intangible personal property
15 having a business or taxable situs in the state; and (4)
16 rentals and royalties for the use of, or for the privilege
17 of using in the state, patents, copyrights, secret processes
18 and formulas, good will, trademarks, trade brands, franchises,
19 and other like property having a taxable or business situs
20 in the state. [; AND (5) INCOME FROM INTANGIBLE PERSONAL
21 PROPERTY LOCATED OUTSIDE THE STATE, INCLUDING WITHOUT
22 LIMITATION INTEREST AND DIVIDENDS RECEIVED BY A RESIDENT OF
23 THE STATE.]

24 * Sec. 5. AS 43.20.050 is amended to read:

25 Sec. 43.20.050. TAXPAYER LIABLE. (a) A nonresident
26 taxpayer who has income from business activity which is tax-
27 able both inside and outside this state or income from other
28 sources both inside and outside this state shall allocate and
29 apportion his net income as provided in secs. 50 - 150 of

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this chapter.

(b) For purposes of allocation and apportionment of income under secs. 50 - 150 of this chapter a nonresident taxpayer is taxable in another state if (1) in that state he is subject to a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, or a corporate stock tax; or (2) that state has jurisdiction to subject the taxpayer to a net income tax whether or not the state does so.

* Sec. 6. AS 43.20.060 is amended to read:

Sec. 43.20.060. DIRECT ALLOCATION. If a nonresident taxpayer's gross income is derived from sources both inside and outside the state and the part inside is so separate and distinct from and unconnected with the part outside that the net income from the part inside can be determined without regard to the part outside, then the part outside the state shall not be considered in computing the income tax and sec. 130(a) - (f) of this chapter is not applicable.

* Sec. 7. This Act takes effect January 1, 1966.