

Introduced: 2/10/70
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 654

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "Alaska 1970 Tax Reform Act, and providing for an
7 effective date."

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

9 * Section 1. AS 43.10 is amended by adding new sections to read:

10 Sec. 43.10.011. AUTHORITY AND METHOD OF ASSESSMENT. (a) The
11 Department of Revenue shall make inquiries, determinations, and
12 assessments of all taxes, licenses, and fees (including interest,
13 additional amounts, additions to the tax and assessable penalties)
14 imposed by this or other titles which the department is required
15 by law to administer and collect. The department shall assess
16 all taxes, licenses, and fees determined by the taxpayer or by the
17 department.

18 (b) If the mode or the time for the assessment of a revenue
19 tax (including interest, additional amounts, additions to the tax,
20 and assessable penalties) is not otherwise provided for, the
21 department may establish the same by regulation.

22 (c) The assessment shall be made by recording the liability
23 in the office of the department in accordance with regulations
24 prescribed by the department.

25 (d) At any time within the period prescribed for assessment,
26 the department may make a supplemental assessment whenever it is
27 ascertained that an assessment is imperfect or incomplete.

28 (e) A portion of a refund payment or an allowed credit which
29 constitutes an excessive amount or error may be reassessed and

1 collected as if it were a tax imposed under this title and as if
2 the person who made the claim was liable for the tax.

3 Sec. 43.10.012. LIMITATIONS ON ASSESSMENT. (a) Except as
4 otherwise provided in this section, the amount of a tax, license,
5 or fee which the Department of Revenue is charged with adminis-
6 tering and collecting shall be assessed within three years after
7 the return is filed (whether or not the return is filed on or
8 after the date prescribed), and no court proceeding without assess-
9 ment for the collection of the tax, license, or fee may be begun
10 after the expiration of such period.

11 (b) Time return deemed filed.

12 (1) For purposes of (a), a tax, license, or fee return
13 filed before the last day prescribed by law or regulation shall be
14 considered as filed on the last day.

15 (2) The execution of a return by the department pursuant
16 to the authority conferred upon it does not start the running of the
17 period of limitations on assessment and collection.

18 (c) Exceptions.

19 (1) If a false or fraudulent return is filed with intent
20 to evade a tax, license, or fee, an assessment may be made or a
21 court proceeding for the collection thereof may be begun without
22 assessment at any time.

23 (2) In case of a willful attempt in any manner to defeat
24 or evade a tax, license, or fee which the department is required to
25 collect, an assessment may be made or a court proceeding for the
26 collection thereof may be begun without assessment at any time.

27 (3) In case of failure to file a return, the tax, license,
28 or fee may be assessed or a court proceeding for the collection of
29 such tax may be begun without assessment at any time.

1 (4) If, before the expiration of the time prescribed
2 in this section for the assessment of a tax, license, or fee, both
3 the department and the taxpayer have consented in writing to its
4 assessment after such time, the tax, license, or fee may be assessed
5 at any time before the expiration of the period agreed upon. The
6 period so agreed upon may be extended by subsequent agreements in
7 writing made before the expiration of the period previously agreed
8 upon.

9 (5) In addition to the rules on assessment set forth
10 in this section, the provisions regarding assessments of the Internal
11 Revenue Code of 1954 as amended from time to time shall also apply
12 in the case of state income tax to the extent they are not in
13 conflict with this section.

14 Sec. 43.10.013. LIEN FOR TAXES. If a person who is liable
15 for a tax, license, or fee which the Department of Revenue is charged
16 with the responsibility of collecting neglects or refuses to pay
17 after demand, the amount (including any interest, additional amount,
18 addition to tax, or assessable penalty, together with any costs that
19 may accrue in addition thereto) shall be a lien in favor of the
20 state upon all property and rights to property whether real or
21 personal belonging to the person.

22 Sec. 43.10.014. PERIOD OF LIEN. Unless another date is fixed
23 by law, the lien imposed by sec. 013 of this chapter arises at the
24 time of delinquency and continues until either the liability for
25 the amount (or a judgment against the taxpayer arising out of the
26 liability) is satisfied or the lien becomes unenforceable by reason
27 of lapse of time.

28 Sec. 43.10.015. COLLECTION AFTER ASSESSMENT. (a) When the
29 assessment of a tax, license, or fee which the department is

1 required to collect has been made within the period of limitation
2 properly applicable thereto, the tax, license, or fee may be collected
3 by administrative distraint or by a court proceeding, but only if the
4 distraint is made or the proceeding begun within six years after the
5 assessment of the tax, license, or fee or if the department and the
6 taxpayer agree in writing before the six year period expires (or if
7 there is a release after the six year period of a distraint proceeding
8 begun under AS 43.20.270 before the release) within the agreed
9 upon period. One agreed upon period may be extended by subsequent
10 agreements in writing made before the expiration of the previously
11 agreed upon period.

12 (b) A judgment against the taxpayer shall not extend the
13 period provided by (a) during which taxes may be collected by
14 distraint (AS 43.20.270).

15 (c) For purposes of (a) the date on which an administrative
16 distraint on property or rights to property is considered made
17 shall be the date on which the notice of service provided for in
18 AS 43.20.270(d)(1) is given.

19 Sec. 43.10.016. SUSPENSION OF RUNNING OF PERIOD OF LIMITATION.

20 (a) The running of a period of limitation provided in secs. 012,
21 014, and 015 of this chapter on the making of an assessment or
22 the collection by administrative distraint or by a court proceeding
23 in respect to a deficiency shall be suspended for the period during
24 which the department is prohibited from making the assessment or
25 from collecting by administrative distraint or by a court pro-
26 ceeding and for 60 days thereafter.

27 (b) If the taxpayer has filed a petition in the United States
28 Tax Court for a determination of federal income tax, the periods
29 of limitation for assessment and collection of state income tax

1 covering the same period is suspended until the Tax Court case is
2 final and for 120 days thereafter.

3 (c) If a notice of deficiency in income tax is mailed to a
4 corporation, the suspension of the running of the period of limi-
5 tations provided in (a) of this section shall apply in the case
6 of corporations with which the corporation made a consolidated
7 income tax return for the taxable year.

8 (d) The period of limitation on collection after assessment
9 shall be suspended for the period the assets of the taxpayer are
10 in the control or custody of a court in a proceeding before a
11 court of the United States, a state, or the District of Columbia
12 and for six months thereafter.

13 (e) The running of the period of limitations on collection
14 after assessment shall be suspended for the period during which the
15 taxpayer is outside the State of Alaska if the absence is for a
16 continuous period of at least six months.

17 (f) The running of the period of limitations on collections
18 after assessment shall be suspended for a period equal to the period
19 from the date property of a third party is seized or received by
20 the department to the date the department returns the property or
21 to the date on which a judgment secured with respect to such property
22 becomes final and for 30 days thereafter. The running of the period
23 of limitation on collection after assessment is suspended under
24 this subsection only with respect to the amount of the assessment
25 equal to the amount of money or the value of specific property
26 returned.

27 Sec. 43.10.017. RECORDING LIEN AND CERTIFICATE OF DISCHARGE.

28 (a) Except for liens for fish processors taxes (AS 43.75), a lien
29 is not valid as against a mortgagee or other lien holder, pledgee,

1 purchaser, or judgment creditor until notice of it is filed with
2 the office of the recorder of the recording district where the
3 property subject to the lien is situated or, in the case of
4 property for which title certificates are issued by the Motor
5 Vehicle Division, with that office.

6 (b) When a notice of the lien is filed with the recorder,
7 he shall immediately enter the notice in an alphabetical state
8 tax lien index, showing on one line the name and residence of the
9 taxpayer named in the notice, the Department of Revenue's serial
10 number of the notice, the date and hour of filing, and the amount
11 of tax, including interest, penalty, additional amount, or addition
12 to the tax, and costs. The recorder shall file and keep all original
13 notices so filed in numerical order in a file or files, designated
14 state tax lien notices.

15 (c) When a certificate of discharge of a tax lien issued by
16 the department is filed in the office of the recorder where the
17 original notice of lien is filed, the recorder shall enter the cer-
18 tificate with the date of filing in the state tax lien index on the
19 line where notice of the lien so discharged is entered, and per-
20 manently attach the original certificate of discharge to the original
21 notice of lien.

22 (d) The state tax lien index and file for state tax lien
23 notices shall be furnished to the recorder in the manner provided
24 by law for the furnishing of books in which deeds are recorded.

25 * Sec. 2. AS 43.15 is amended by adding a new section to read:

26 Sec. 43.15.020. PERIOD OF LIMITATIONS ON CREDIT OR REFUND.

27 (a) Except in the case of taxes, licenses, and fees levied under
28 Title 28 and motor fuel taxes, a claim for credit or refund of an
29 overpayment of any tax, license, or fee for which the taxpayer is

1 required to file a return shall be filed within either three years
2 from the time the original return was filed or two years from the
3 time the tax, license, or fee was paid, whichever period expires
4 last, or if no return was filed by the taxpayer within two years
5 from the time the tax was paid. Refunds from motor fuel taxes
6 shall be filed in accordance with AS 43.40. Refund claims for
7 taxes, licenses, and fees levied under Title 28 shall be filed
8 within one year of the date of the tax, license, and fee is paid.

9 (b) Limitation on allowance and refunds.

10 (1) No credit may be allowed or refund made after the
11 period of limitation prescribed in (2) of this subsection for the
12 filing of a claim for refund unless a claim for credit or refund
13 is filed by the taxpayer within such period.

14 (2) Limit on amount of credit or refund.

15 (A) If the claim is filed by the taxpayer during
16 the three-year period prescribed in (a) of this section, the
17 amount of the credit or refund may not exceed the portion
18 of the tax paid within the period immediately preceding the
19 filing of the claim equal to three years plus the period
20 of any extension of time for filing the return.

21 (B) If the claim is not filed within such three-
22 year period, the amount of credit or refund may not exceed
23 the portion of the tax paid during two years immediately pre-
24 ceding the filing of the claim.

25 (C) If no claim is filed the credit or refund may
26 not exceed the amount which would be allowable under (A) or
27 (B) of this subparagraph, as the case may be, had a claim been
28 filed on the date the credit or refund is allowed.

29 (c) The time for filing a claim for refund or credit in the

1 case of income tax is set forth in AS 43.20.030(e).

2 (d) No action may be maintained to recover a tax, license, or
3 fee unless the action is filed within the period set forth in this
4 section, except that where a claim is pending at the time the period
5 for filing a claim for refund or credit expires, the taxpayer may
6 file an action to recover the tax, license, or fee within 30 days
7 after the notice of rejection of the claim is sent by registered
8 or certified mail to the taxpayer at the address shown on the ap-
9 plication for refund or credit.

10 * Sec. 3. AS 43.20.010 is repealed and re-enacted to read:

11 Sec. 43.20.010. TAX ON INDIVIDUALS. (a) There shall be
12 imposed for each taxable year upon the entire taxable income of
13 each resident individual, including fiduciaries, of this state and
14 upon the entire taxable income of each nonresident individual, in-
15 cluding fiduciaries, which is derived from sources within this state
16 taxes in the following amounts and at the following rates upon the
17 amount of taxable income:

18 (1) Schedule I. Single taxpayers and married persons
19 filing separate returns.

20 If the taxable income is

21	Over	but not over	The tax is
22	\$ 0	- \$ 1,000	3%
23	\$ 1,000	- \$ 4,000	\$ 30 plus 4% of excess over \$ 1,000
24	\$ 4,000	- \$ 8,000	\$ 150 plus 5% of excess over \$ 4,000
25	\$ 8,000	- \$ 10,000	\$ 350 plus 6% of excess over \$ 8,000
26	\$ 10,000	- \$ 14,000	\$ 470 plus 7% of excess over \$ 10,000
27	\$ 14,000	- \$ 16,000	\$ 750 plus 8% of excess over \$ 14,000
28	\$ 16,000	- \$ 22,000	\$ 910 plus 9% of excess over \$ 16,000
29	\$ 22,000	- \$ 32,000	\$ 1,450 plus 10% of excess over \$ 22,000

1	\$ 32,000	-	\$ 38,000	\$ 2,450	plus 11% of excess over \$ 32,000
2	\$ 38,000	-	\$ 50,000	\$ 3,110	plus 12% of excess over \$ 38,000
3	\$ 50,000	-	\$ 80,000	\$ 4,550	plus 13% of excess over \$ 50,000
4	\$ 80,000	-	\$100,000	\$ 8,450	plus 14% of excess over \$ 80,000
5	\$100,000	-	\$200,000	\$11,250	plus 15% of excess over \$100,000
6	\$200,000	-	\$ --	\$26,250	plus 16% of excess over \$200,000

(2) Schedule II. Married taxpayers filing joint returns.

8 If the taxable income is

9	Over		but not over		The tax is
10	\$ 0	-	\$ 2,000	3%	
11	\$ 2,000	-	\$ 8,000	\$ 60	plus 4% of excess over \$ 2,000
12	\$ 8,000	-	\$ 16,000	\$ 300	plus 5% of excess over \$ 8,000
13	\$ 16,000	-	\$ 20,000	\$ 700	plus 6% of excess over \$ 16,000
14	\$ 20,000	-	\$ 28,000	\$ 940	plus 7% of excess over \$ 20,000
15	\$ 28,000	-	\$ 32,000	\$ 1,500	plus 8% of excess over \$ 28,000
16	\$ 32,000	-	\$ 44,000	\$ 1,820	plus 9% of excess over \$ 32,000
17	\$ 44,000	-	\$ 64,000	\$ 2,900	plus 10% of excess over \$ 44,000
18	\$ 64,000	-	\$ 76,000	\$ 4,900	plus 11% of excess over \$ 64,000
19	\$ 76,000	-	\$100,000	\$ 6,220	plus 12% of excess over \$ 76,000
20	\$100,000	-	\$160,000	\$ 9,100	plus 13% of excess over \$100,000
21	\$160,000	-	\$200,000	\$16,900	plus 14% of excess over \$160,000
22	\$200,000	-	\$400,000	\$22,500	plus 15% of excess over \$200,000
23	\$400,000	-	\$ --	\$52,500	plus 16% of excess over \$400,000

(3) Schedule III. Unmarried or legally separated taxpayers who qualify as HEAD OF HOUSEHOLD.*

26 If the taxable income is

27	Over		but not over		The tax is
28	\$ 0	-	\$ 2,000	3%	
29	\$ 2,000	-	\$ 6,000	\$ 60	plus 4% of excess over \$ 2,000

1	\$ 6,000	-	\$ 10,000	\$ 220	plus 5% of excess over \$ 6,000
2	\$ 10,000	-	\$ 14,000	\$ 420	plus 6% of excess over \$ 10,000
3	\$ 14,000	-	\$ 20,000	\$ 660	plus 7% of excess over \$ 14,000
4	\$ 20,000	-	\$ 24,000	\$ 1,080	plus 8% of excess over \$ 20,000
5	\$ 24,000	-	\$ 32,000	\$ 1,400	plus 9% of excess over \$ 24,000
6	\$ 32,000	-	\$ 44,000	\$ 2,120	plus 10% of excess over \$ 32,000
7	\$ 44,000	-	\$ 60,000	\$ 3,320	plus 11% of excess over \$ 44,000
8	\$ 60,000	-	\$ 80,000	\$ 5,080	plus 12% of excess over \$ 60,000
9	\$ 80,000	-	\$100,000	\$ 7,480	plus 13% of excess over \$ 80,000
10	\$100,000	-	\$200,000	\$10,080	plus 14% of excess over \$100,000
11	\$200,000	-	\$300,000	\$24,080	plus 15% of excess over \$200,000
12	\$300,000	-	\$ --	\$39,080	plus 16% of excess over \$300,000

13 * Head of Household in this chapter means "Head of Household as defined
14 in the Internal Revenue Code".

15 (4) Schedule IV - Optional tax. In lieu of the tax imposed
16 under Schedules I, II, and III, resident individuals with an ad-
17 justed gross income of less than ten thousand dollars (\$10,000) may
18 elect to pay the tax imposed by optional tax tables which shall be
19 promulgated by the Department of Revenue. Such tax tables shall
20 reflect the tax imposed under Schedules I, II, and III in income
21 progressions of not less than fifty dollars (\$50), giving effect to
22 the marital or other status of the individual.

23 (b) Gross income and adjusted gross income for purposes of (a)
24 of this section shall be computed as provided by the provisions of
25 the Internal Revenue Code of the United States as now in effect or
26 hereafter amended.

27 (c) Taxable income for full year residents shall be adjusted
28 gross income less

29 (1) \$2,200 in the case of a single individual person or

1 \$4,400 in the case of a married person filing a joint return; and

2 (2) either a standard deduction of 10% of the adjusted gross
3 income less the figure applicable in (1) immediately preceding, not to
4 exceed \$1,000 (\$500 if married and filing separately), or itemized de-
5 ductions allowed and to the extent allowable under the Internal Revenue
6 Code in arriving at taxable income for federal income tax purposes; and

7 (3) personal exemptions allowed under the Internal Revenue
8 Code, except that the amount allowed for each personal exemption shall
9 be \$800.

10 (d) The following exceptions, modifications, and additions apply
11 to (a), (b), and (c) of this section:

12 (1) a taxpayer whose income includes a cost-of-living allow-
13 ance which is exempt from the federal income tax shall determine and
14 include that amount as part of his income just as if the cost-of-living
15 allowance were not exempt;

16 (2) standard exemptions, credits, and deductions may not be
17 claimed by persons who are not residents of the state for the full 12
18 months of the tax year. Such persons are subject to the following
19 limitations:

20 (A) personal exemptions and dependency exemptions are
21 allowed only in that proportion of the total exemptions and depen-
22 dency exemptions as the number of days in the taxable year the tax-
23 payer is physically present in Alaska is to the total number of
24 days in the tax year;

25 (B) itemized deductions are allowed only if and to the
26 extent that they are directly connected with

27 (i) income which arises from sources within the
28 state or

29 (ii) property having a situs for taxation within the

1 state.

2 (C) Contributions or gifts claimed as itemized deduc-
3 tions are allowed only

4 (i) in the amounts otherwise authorized in this
5 chapter and

6 (ii) when the contributions or gifts were made with-
7 in the tax year to organizations which qualify under sec. 170
8 of the Internal Revenue Code of 1954 and which were formed in
9 Alaska or which are Alaska chapters or branches of national
10 organizations.

11 (D) The standard deduction is allowed only in that pro-
12 portion of the total standard deduction as the number of days in
13 the taxable year the taxpayer is physically present in Alaska is to
14 the total number of days in the tax year.

15 (E) Part year residents and nonresidents may deduct that
16 proportion of amount allowed to residents in subparagraph (c)(1) of
17 this section as the number of days in the taxable year the taxpayer
18 is physically present in Alaska is to the total number of days in
19 the tax year.

20 (3) In computing the taxable income under this section the
21 taxpayer may not deduct the taxes payable to the State of Alaska under
22 this chapter or income tax paid to the federal government. Income tax
23 paid to another state may not be deducted in computing taxable income
24 but is allowable as a credit to the tax imposed by this chapter as pro-
25 vided by sec. 180(b) of this chapter.

26 (4) The benefits allowed to taxpayers under Internal Revenue
27 Code secs. 1301-07, as amended, are allowed only to taxpayers who have
28 been residents of the state for the full base period as well as for the
29 computation year, as both are defined in those sections. The department

1 shall prescribe regulations governing benefits under these sections al-
2 lowable to spouses eligible to file a joint Alaska return for the com-
3 putation year when one spouse has not been a resident of Alaska for the
4 full base period.

5 * Sec. 4. AS 43.20 is amended by adding a new section to read:

6 Sec. 43.20.015. TAX ON CORPORATIONS. (a) There is levied and there
7 shall be collected and paid for each taxable year upon the net income of
8 each resident and nonresident corporation that is required to make a re-
9 turn and pay a tax under the federal income tax law, a tax equal to 18
10 per cent of the total income tax that would be payable for the same tax-
11 able year to the United States at the federal tax rates in effect on De-
12 cember 31, 1963, under the provisions of chapter 1 of sub-title A of the
13 1954 Internal Revenue Code, Public Law 591, 83rd Congress, 2nd Session,
14 as amended, upon all income derived from sources within the state.

15 (b) For purposes of calculating the federal tax payable, Internal
16 Revenue Code secs. 1561-63, as amended, shall apply to those members of
17 a controlled group of corporations only if two or more members are sub-
18 ject to the tax imposed by this section. The single surtax exemption
19 allowed under Internal Revenue Code secs. 1561-63, as amended, shall be
20 apportioned in its entirety only among corporations subject to the tax
21 imposed by this section.

22 (c) The federal penalty tax imposed by Internal Revenue Code secs.
23 1561-63, as amended, shall apply in calculating the federal tax payable
24 for purposes of this section.

25 (d) For purposes of calculating the federal tax payable on person-
26 al holding companies, the tax shall be as provided by Internal Revenue
27 Code sec. 541, as amended.

28 (e) Banks and Savings and Loan Associations chartered by the
29 federal government or the state are exempt.

1 * Sec. 5. AS 43.20.020 (a) is amended by adding a new paragraph to read:

2 (4) the income received by a nonresident individual for em-
3 ployment in Alaska on an airplane, vessel, or vehicle which moves per-
4 sons or goods into or from Alaska; such as employment as a pilot, flight
5 engineer, flight steward or stewardess, boat captain or crew member,
6 train engineer or crew member, or truck or bus driver; but only to the
7 same extent that the state of residence of the nonresident either would
8 not tax income of an Alaskan resident derived from performing the same
9 service in that state or would grant him a tax credit from taxes on in-
10 come derived from performing the same service in that state.

11 * Sec. 6. AS 43.20.030 is repealed and re-enacted to read:

12 Sec. 43.20.030. RETURNS AND PAYMENT OF TAX. (a) Subject to the
13 exceptions set forth in (1)-(4) below, each resident individual, fidu-
14 ciary for a resident individual, partnership, or corporation required
15 to make a return under the provisions of the Internal Revenue Code shall
16 at the same time file with the department a return setting out the
17 amount of tax due under this chapter, less credits claimed against the
18 tax, and the balance of tax due the state, and other information for
19 the purpose of carrying out the provisions of this chapter which the
20 department requires.

21 (1) A return is not required of an individual who is not
22 married (applying sec. 143(a) of the Internal Revenue Code) and who
23 has a gross income of less than \$3,087 for the taxable year.

24 (2) A return is not required of an individual who is entitled
25 under the Internal Revenue Code to make a joint return and whose gross
26 income, when combined with the gross income of his spouse, is less than
27 \$6,177 for the taxable year, but only if the individual and his spouse
28 had the same household as their home at the close of the taxable year
29 and if the individual's spouse does not make a separate return for the

1 taxable year and no other taxpayer is entitled to an exemption for the
2 spouse under sec. 151(w) of the Internal Revenue Code of 1954.

3 (3) The \$3,087 amount specified in (1) of this subsection
4 shall be increased to \$3,887 in the case of an individual entitled to an
5 additional exemption under sec. 151(c)(1) of the Internal Revenue Code
6 of 1954, and the \$6,177 specified in (2) of this subsection shall be in-
7 creased by \$800 for each additional personal exemption to which the in-
8 dividual or his spouse is entitled under sec. 151(c) of the Internal
9 Revenue Code of 1954.

10 (4) "Individual" in (1)-(3) of this subsection includes a
11 fiduciary (except a receiver appointed by authority of law who is in
12 possession of only part of the property of an individual) for an indi-
13 vidual who is a full year resident.

14 (b) An individual who is either a nonresident or a fiduciary for
15 a nonresident individual for all or any portion of the taxable year
16 shall file a return with the department, regardless of the amount of his
17 gross income, if he is required to pay any tax imposed by this chapter
18 after apportioning his deductions and credits for personal exemptions
19 as provided in this chapter.

20 (c) The return shall either be on oath or contain a written de-
21 clarations that it is made under the penalty of perjury, and the depart-
22 ment shall prescribe forms accordingly. The provisions of secs. 6001(a);
23 6011(a); 6012(a) and (b); 6013(a), (b), and (d); 6014(a) and (b); 6015;
24 6052; 6064; 6065(b); 6072; 6073; 6081; 6091; 6151(b); 6153; 6155(a);
25 6201(b); 6315; 6653(a) and (b); and 6659 of the Internal Revenue Code of
26 1954 are adopted insofar as they are consistent with other provisions of
27 this chapter.

28 (d) The total amount of tax imposed by this chapter is due and pay-
29 able to the department at the same time and in the same manner as the tax

1 payable to the United States Internal Revenue Service under the provis-
2 ions of secs. 6151(b); 6152; 6153; 6154; 6161(a); 6162(a); 6165; 6201(b);
3 6313; 6315; 6655 and 7101 of the Internal Revenue Code of 1954.

4 (e) A taxpayer, upon request by the department, shall furnish to
5 the department a true and correct copy of the tax return which he
6 has filed with the United States Internal Revenue Service. The tax-
7 payer shall notify the department in writing of a change to his federal
8 income tax return and of a recomputation of tax or determination of
9 deficiency (whether with or without assessment). A full statement
10 of the facts shall accompany this notice. The notice shall be filed
11 within 20 days after the modification, recomputation, or determin-
12 ation of deficiency, and the taxpayer shall pay the additional tax
13 or penalty imposed by this chapter.

14 (f) The department may credit or refund overpayments of taxes,
15 taxes erroneously or illegally assessed or collected, penalties
16 collected without authority, and taxes that are found unjustly
17 assessed, excessive in amount, or otherwise wrongfully collected.
18 The department shall by regulation provide how claims for credits
19 or refunds are made, set limitations, and give notice of allowance
20 or disallowance. The regulations shall be based upon the pro-
21 visions of secs. 31; 6151(c); 6401; 6402; 6403; 6511; 6512 and
22 6513(a) and (b) of the Internal Revenue Code of 1954 insofar as
23 those provisions are consistent with other provisions of this
24 chapter. When a refund is allowed to a taxpayer, it shall be paid
25 out of the general fund on a warrant issued under a voucher approved
26 by the department.

27 * Sec. 7. AS 43.20.050(a) is amended to read:

28 (a) A taxpayer who has income from business activity which
29 is taxable both inside and outside this state [OR INCOME FROM OTHER

1 SOURCES BOTH INSIDE AND OUTSIDE THIS STATE], other than activity as
2 a financial organization or public utility or activity of rendering
3 purely personal services as an individual, shall allocate and
4 apportion his net income as provided in secs. 50-150 of this chapter.

5 * Sec. 8. AS 43.20.170(a) is repealed and re-enacted to read:

6 (a) The department shall prepare withholding tax tables which
7 reflect approximately the tax imposed under sec. 10(a) of this
8 chapter. Each employer making payment of wages or salaries shall
9 deduct and withhold the tax set in the withholding tax tables so
10 prepared. The provisions of secs. 3401; 3402(a)-(1); 3403; 3404;
11 3502(b); 3504; 6011(a); 6051; 6081; 6415; 6501(a), (b)(2), and
12 (c)(1)-(3); 6502(a); 6513(c); 6611(a), (b), and (d); 6651(a); 6659;
13 6674; 7204 and 7205 of the Internal Revenue Code of 1954 shall apply
14 to the extent those sections are conformable with this chapter,
15 except that the withholding tables prepared under this subsection
16 shall be used and in the case of an employee whose wage or salary
17 includes a cost-of-living allowance which is exempt from the federal
18 income tax, the amount deducted and withheld under this subsection
19 shall be determined as if the cost-of-living allowance is not exempt.
20 Each employer making a deduction and a withholding shall furnish to
21 the employee upon request a record of the amount of tax withheld
22 from the employee on a form prescribed, prepared, and furnished by
23 the department.

24 * Sec. 9. AS 43.20.180 is amended to read:

25 Sec. 43.20.180. CREDITS AGAINST TAX. (a) The amounts deducted
26 and withheld as taxes under sec. 170 of this chapter during a cal-
27 endar year are allowed as credits to the taxpayer against the tax
28 imposed by this chapter.

29 (b) Subject to the following conditions, residents are allowed

1 a credit against the taxes imposed by this chapter for net income
2 taxes imposed by and paid to another state on income taxable under
3 this chapter:

4 (1) The credit is allowed only for taxes paid to the
5 other state on income derived from sources within that state which
6 is taxable under its laws irrespective of the residence or domicile
7 of the recipient.

8 (2) The credit is not allowed if the other state allows
9 residents of this state a credit against the taxes imposed by that
10 state for taxes paid or payable under this chapter.

11 (3) The credit may not exceed such proportion of the tax
12 payable under this chapter as the income subject to tax in the other
13 state and also taxable under this chapter bears to the taxpayer's
14 entire income upon which the tax is imposed by this chapter.

15 * Sec. 10. AS 43.20.250 is amended to read:

16 Sec. 43.20.250. ACTION TO ENFORCE LIEN. In a case where there
17 is a refusal or neglect to pay a tax (including interest, penalty,
18 additional amount, or addition to the tax, together with additional
19 costs that accrue) the attorney general at the request of the depart-
20 ment may file an action in the superior court to enforce the lien
21 of the state for the tax upon property and rights to property,
22 real or personal, or to subject the property and rights to pro-
23 perty owned by the delinquent, or in which he has a right, title,
24 or interest to the payment of the tax. The action shall be commenced
25 and pursued in the manner provided for the foreclosure of liens
26 AS 09.45.170-09.45.220, which are applicable to tax liens arising
27 under this chapter to the extent that the provisions are not
28 inconsistent with other provisions of this chapter. [THE ACTION
29 MAY BE STARTED AT ANY TIME WITHIN SIX YEARS AFTER THE LIEN ARISES.]

1 * Sec. 11. AS 43.20.270(m) is amended to read:

2 (m) The period of limitation in [UPON] which distraint pro-
3 ceedings may commence is the same as provided under AS 43.10.015
4 and .016 [SECS. 6501(C), 6502(A), AND 6503(A) OF THE INTERNAL REVENUE
5 CODE OF 1954]. In determining the running of a period of limitation
6 in respect to [OF] distraint, the distraint is considered to begin
7 the day on which the notice of service provided in (d)(1) of this
8 section is given [WHEN THE LEVY UPON PROPERTY IS MADE].

9 * Sec. 12. AS 43.20.340 is amended by adding the new paragraphs
10 to read:

11 (13) "resident" includes

12 (A) an individual who is in this state for other
13 than a temporary or transitory purpose;

14 (B) an individual who is a resident of this state
15 and who is outside the state for a temporary or transitory
16 purpose; an individual who spends in the aggregate more
17 than 9 months of the taxable year within this state shall be
18 presumed to be a resident for purposes of this chapter, but
19 this presumption may be overcome by satisfactory evidence
20 that the individual is in the state for a temporary or
21 transitory purpose.

22 (14) "nonresident" means every individual other than a
23 resident.

24 (15) "state" includes the District of Columbia and
25 the possessions of the United States.

26 * Sec. 13. AS 43.20.040(b) is repealed. ✓

27 * Sec. 14. AS 43.20.230(b) is repealed. ✓

28 * Sec. 15. AS 43.20.240 is repealed. ✓

29 * Sec. 16. AS 43.50.120 is repealed. ✓

1 * Sec. 17. AS 43.65.040 is repealed

2 * Sec. 18. AS 43.70.070(a) is repealed

3 * Sec. 19. Sec. 3 and 5 take effect January 1, 1970. Sec. 9
4 takes effect January 1, 1970, but covers only income subject to the
5 tax imposed by this chapter earned or received after December 31, 1969.
6 All other sections of this Act take effect on the day after the Act's
7 passage and approval or on the day it becomes law without approval.
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