

C S H B

5 4 1

SENATE COMMITTEE REPORT

FURTHER

DATE TURNED INTO OFFICE 5/4/88

3/30/88  
Mr. President:

FINANCE Committee considered CSHB 541 (FIN) (title am.  
the time of filing of corporate and certain partnership income tax returns

and recommended

[ ] replace with \_\_\_\_\_ CS \_\_\_\_\_ ) [ ] same title  
[ ] or adopt \_\_\_\_\_ CS \_\_\_\_\_ ) [ ] new title

[ ] attached amendment(s) and

[✓] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] further referral to \_\_\_\_\_

[ ] letter of intent adopted \_\_\_\_\_

Committee [✓] attached or [ ] adopted fiscal note(s)  
[ ] new [ ] updated or [✓] previous  
[✓] zero [ ] fiscal impact

MEMBERS SIGNING DO PASS

Jim Duncan  
Paul Fischer  
Rick Helged  
W. Hunter  
Tom H. Hunt

OTHER RECOMMENDATIONS.

John Boy No Rec  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Rick Helged do pass  
Chairman signature and recommendation

[ ] Committee Backup attached

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

No. 1  
BILL VERSION: CSHB 541 (FIN)  
PUBLISH DATE: HOUSE 3/23/88

FISCAL NOTE

REQUEST:

Revision Date: March 18, 1988  
Title: An Act relating to income tax returns and payments.  
Sponsor: Finance Committee  
Requestor: Finance

Agency Affected: Revenue  
BRU: Income and Excise Audit  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
<b>OPERATING</b>						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
<b>CAPITAL</b>	-	-	-	-	-	-
<b>REVENUE</b>	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel  
Division: Income and Excise Audit

Phone: 465-2320  
Date: March 18, 1988

Approved by Commissioner: Hugh Malone  
Agency: Department of Revenue

Date: March 18, 1988

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)



Prepared by: Steven E. Kettel  
Director, Income and Excise Audit  
Department of Revenue  
March 18, 1988

### Analysis

HB 541 extends the time in which corporations may file their Alaska corporate income tax returns under AS 43.20 by no more than 30 days.

Presently, taxpayers file their Alaska returns under the time for filing requirements of the Internal Revenue Code. Federal law permits corporations routine extensions of the time in which to file their tax returns. Typically, most large corporations file their returns with approved extensions, six months after the original due date for the return. Any federal extension automatically permits a taxpayer a similar extension of time to file their state return.

Due to the complexities of filing Alaska multistate returns, and the fact that the Alaska taxable income cannot be determined until the federal return is completed, many taxpayers, especially the larger multistate and multinational companies, have difficulty in filing their Alaska returns by the due date for the federal return. This legislation would extend the time to file a corporate return to 30 days beyond the due date, including extensions, of the federal return.

This provision also states that the extended time to file a return does not affect the timetable for payment of the tax. The Department of Revenue will not be adversely impacted by this legislation, and does not oppose its passage.

Original sponsor: Finance Committee

1 IN THE HOUSE BY THE FINANCE COMMITTEE  
2 CS FOR HOUSE BILL NO. 541 (Finance)(title am)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the time of filing of corporate  
7 and certain partnership income tax returns."

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

9 \* Section 1. AS 43.20.030(a) is amended to read:

10 (a) If a corporation or a partnership that [WHICH] has a corpo-  
11 ration as a partner [OR A CORPORATION] is required to make a return  
12 under the provisions of the Internal Revenue Code, it shall [AT THE  
13 SAME TIME] file with the department, within 30 days after the federal  
14 return is required to be filed, a return setting out

15 (1) the amount of tax due under this chapter, less credits  
16 claimed against the tax; and

17 (2) other information for the purpose of carrying out the  
18 provisions of this chapter that [WHICH] the department requires.

19 \* Sec. 2. AS 43.20.030(c) is amended to read:

20 (c) Notwithstanding (a) of this section, the [THE] total amount  
21 of tax imposed by this chapter is due and payable to the department at  
22 the same time and in the same manner as the tax payable to the United  
23 States Internal Revenue Service.

24 \* Sec. 3. This Act applies to income tax returns and payments for tax  
25 years that begin on or after January 1, 1988.

# Alaska State Legislature

## House of Representatives

Al Adams

Chairman

Committee on Finance

WHILE IN SESSION  
P.O. Box V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-3706

OUT OF SESSION  
P.O. Box 333  
Kotzebue, Alaska 99752  
(907) 442-3320

1024 W. 6th  
Anchorage, Alaska 99501  
(907) 274-0615



Official Business

TO: HOUSE FINANCE COMMITTEE MEMBERS  
FROM: REPRESENTATIVE AL ADAMS, CHAIRMAN  
HOUSE FINANCE COMMITTEE  
DATE: MARCH 21, 1988  
RE: HB ~~451~~ 541

### Explanation of Proposed Legislation on Tax Return Deadline

The enclosed legislation would allow corporations a one month extension to file their tax returns with the state. Similar legislation has been adopted by 35 other states. It doesn't affect the deadline for actually paying corporate income taxes and therefore has no fiscal impact. The bill is supported by the Department of Revenue.

The legislation is necessary because of the way in which corporations must compute their income tax in Alaska. When a corporation does business in several states (including Alaska), to calculate its Alaska corporate income tax the corporation must first make a number of adjustments to its federal tax return. It then multiplies its federal taxable income (as adjusted for Alaska purposes) by a fraction which represents the percentage of the company's worldwide property, payroll and sales that occur in Alaska. 1/

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1/ For oil and gas producers, the fraction represents the percentage of the company's worldwide property and oil extraction occurring in Alaska.

The point is that the corporation must have its federal income tax return in hand in order to make the necessary adjustments and calculations that Alaska requires.

Under existing law, however, the company's federal return and Alaska return are due on the same day. 2/ As a result, corporations aren't given any time to adjust that return for Alaska purposes. In the past, the Department of Revenue has administratively granted corporations additional time to file their returns. The agency, however, feels that it is unable to continue this practice without clarifying legislation.

The bill has no fiscal impact on the state because corporate taxes are not paid with the return. Rather, they are paid in quarterly installments during the tax year itself. For example, for tax year 1988, quarterly installments of the tax are due in four installments payable in 1988. Under existing law, the Alaska return (and the

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2/ This is because Alaska generally adopts the internal revenue code, including its filing deadlines. See AS 43.20.021.

federal return) would be due on September 15, 1989. 3/  
Under the bill, the taxpayer's return would be due on  
October 15, 1989. The quarterly installment requirement  
would remain unchanged.

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3/ Under the Internal Revenue Code, corporate returns are  
due on March 15; however there is an automatic six month  
extension available to September 15.

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TOTAL	-	-	-	-	-	-

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PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

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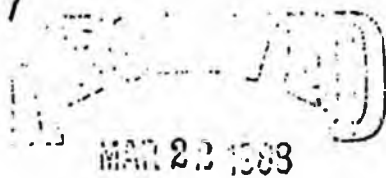
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