

CHAPTER 181

AN ACT

Pertaining to the Alaska Net Income Tax Act; amending Subsection A of Section 5, Chapter 115, SLA 1949, as repealed and re-enacted by Chapter 132, SLA 1951, as amended by Chapter 188, SLA 1955, and as repealed and re-enacted by Chapter 64, SLA 1957; and declaring an effective date.

(H. B. 242)

Be it enacted by the Legislature of the Territory of Alaska:

Section 1. Subsection A of Section 5, Chapter 115, SLA 1949, as repealed and re-enacted by Chapter 132, SLA 1951, as amended by Chapter 188, SLA 1955 and as repealed and re-enacted by Chapter 64, SLA 1957 is hereby amended to read as follows:

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 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 Territory, without benefit of the deduction of the tax payable hereunder to the Territory: Provided, however, that 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 corporation required to make a return and pay tax under the Federal Income tax law, a tax equal to 18% of the total income tax that would be payable for the same taxable year to the United States under provisions of Chapter 1 of Sub Title A of the 1954 Internal Revenue Code, Public Law 591, 83d Congress, 2nd Session, as amended, upon all income derived from sources within the Territory without benefit of the deductions of the taxes payable hereunder to the Territory: Provided, however, the following exceptions, modifications and additions to the general rule shall apply:

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

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

(a) Personal exemption and

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

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

- a. income which arises from sources within Alaska; or
- b. property having a situs

for taxation within Alaska.

2. Contributions or gifts claimed shall be allowed only:

- a. in the amounts other-authorized by this Act; and
- b. if such contributions or gifts were made within the tax year to Alaska or any political subdivision thereof for use exclusively for public purposes within Alaska, or to a non-profit corporation or association formed and/or located within Alaska.

Sec. 2. This Act shall take immediate effect upon its passage and approval, and shall apply retroactively from January 1, 1957 and thereafter.

Approved April 6, 1957

CHAPTER 182

AN ACT

Relating to the annual and sick leave of Territorial officers and employees; amending Section 11-5-6, ACLA 1949; and declaring an emergency.

(H. B. 209)

Be it enacted by the Legislature of the Territory of Alaska:

Section 1. Section 11-5-6, ACLA 1949 is hereby amended to read as follows:

Section 11-5-6. **Leaves of Absence.** (a) Annual Leave. Territorial officers and employees shall be entitled to two and one-half (2½) working days annual leave of absence with pay for each month of service. Such leave may be taken by an officer or em-

ployee at any time business permits, and, in the case of an employee, upon permission by the head of the department, office or agency for which such person works, and if such leave is not used in full during any one year, it shall accumulate, provided that the total accumulation shall not exceed sixty working days, provided, further, however, that any Territorial employee earning compensatory leave time as a result of working in excess of regular