Senate Engrossed

FILED

JANICE K. BREWER
SECRETARY OF STATE

State of Arizona
Senate
Forty-eighth Legislature
First Regular Session
2007

CHAPTER 160

SENATE BILL 1233

AN ACT

AMENDING SECTION 43-327, ARIZONA REVISED STATUTES; RELATING TO INCOME TAX RETURNS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 43-327, Arizona Revised Statutes, is amended to read:

43-327. Recomputation of tax or amended return due after federal adjustment; definition

A. If the amount of taxable income for any year of any taxpayer as reported to the United States treasury department is changed or corrected by the commissioner of internal revenue or other officer of the United States or other competent authority, or if a renegotiation of a contract or subcontract with the United States results in a change in taxable income, such taxpayer ~~shall~~ within ninety days after the final determination of such change or correction or renegotiation SHALL either:

1. File with the department a copy of the final determination, concede the accuracy of the determination or state any errors and request the department to recompute the tax owed to this state. Recomputing the tax by the department is not considered to be an audit for purposes of section 42-2059.

2. File an amended return as required by the department of revenue.

B. The department may require an amended return if the department lacks the necessary information to recompute the tax owed to this state.

C. Any taxpayer filing an amended return with the United States treasury department shall also file within ninety days OF THE FINAL DETERMINATION BY THE UNITED STATES TREASURY DEPARTMENT an amended return with the department of revenue which shall contain such information as it shall require.

D. FOR THE PURPOSES OF THIS SECTION, ASSESSMENTS UNDER A PARTIAL AGREEMENT, CLOSING AGREEMENT COVERING SPECIFIC MATTERS, JEOPARDY OR ADVANCE PAYMENT ARE CONSIDERED PART OF THE FINAL DETERMINATION DEFINED IN SUBSECTION G OF THIS SECTION AND MUST BE SUBMITTED TO THE DEPARTMENT WITH THE FINAL DETERMINATION.

E. IF A PARTIAL AGREEMENT, CLOSING AGREEMENT COVERING SPECIFIC MATTERS OR ANY OTHER AGREEMENT WITH THE UNITED STATES TREASURY DEPARTMENT WOULD BE FINAL EXCEPT FOR A FEDERAL EXTENSION STILL OPEN FOR FLOW THROUGH ADJUSTMENTS FROM OTHER ENTITIES OR OTHER JURISDICTIONS, THEN THE FINAL DETERMINATION IS THE DATE THE TAXPAYER SIGNS THE AGREEMENT. FLOW THROUGH ADJUSTMENTS ARE FINALLY DETERMINED BASED ON CRITERIA SPECIFIED IN SUBSECTION G OF THIS SECTION.

F. THE DEPARTMENT IS NOT REQUIRED TO ISSUE REFUNDS BASED ON ANY AGREEMENT OTHER THAN A FINAL DETERMINATION.

G. FOR THE PURPOSES OF THIS SECTION, "FINAL DETERMINATION" MEANS THE APPEAL RIGHTS OF BOTH PARTIES HAVE EXPIRED OR HAVE BEEN EXHAUSTED RELATIVE TO THE TAX YEAR.

Sec. 2. Retroactivity

This act applies to final determinations issued by the United States treasury department from and after December 31, 2006.

APPROVED BY THE GOVERNOR MAY 1, 2007.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 1, 2007.