

Department of Revenue's Response to a Question from John Bitney, Lobbyist, Regarding the Department's Notice of Public Scoping and Request for Comments dated September 3, 2020 for Possible Updates and Revisions to Department Regulations 15 AAC 19 Multistate Tax Compact and 15 AAC 20 Alaska Income Tax.

Question:

The department is soliciting written comments for potential new regulations and amendments to existing regulations for air cargo only aircraft under 15 AAC 19. I am trying to figure out where the existing regulations are coming from.

Department's response:

Under 15 AAC 19, the State of Alaska adopts the "Multistate Tax Compact," entered into years ago by a number of states for the purpose of spelling out common concepts and methods for income taxation of corporations that operate in more than one state. It is common for states to calculate the tax by using (a version of) total income for the corporation, then apply allocation and apportionment methods to determine how much is attributed to their state. Without common concepts and methods, the states could be applying wildly different ones that multistate corporations would have to apply.

Alaska adopted the Multistate Tax Compact, and modifies regulations as necessary to make them specific to the state. Article 8, at 15 AAC 19.1100 - .1190, covers special rules for airlines. This scoping notice is soliciting any comments regarding modifications to the regulations that would apply to corporate income taxation related to air cargo only aircraft.