

Article 01. PERSONS SUBJECT TO TAX; RETURNS AND PAYMENT; CREDITS
Chapter 43.20 ALASKA NET INCOME TAX ACT
Sec. 43.20.010. Tax on individuals, fiduciaries, and corporations.
[Repealed, Sec. 13 ch 70 SLA 1975].
Repealed or Renumbered

Sec. 43.20.011. Tax on corporations.
(a) [Repealed, Sec. 10 ch 1 SSSLA 1980].
(b) [Repealed, Sec. 10 ch 1 SSSLA 1980].
(c) [Repealed, Sec. 10 ch 1 SSSLA 1980].
(d) [Repealed, Sec. 10 ch 1 SSSLA 1980].
(e) There is imposed for each taxable year upon the entire taxable income of every corporation derived from sources within the state a tax computed as follows:

If the taxable income is	Then the tax is:
Less than \$25,000	zero
\$25,000 but less than \$49,000	2 percent of the taxable income over

	\$25,000
\$49,000 but less than \$74,000	\$480 plus 3 percent of the taxable income over \$49,000
\$74,000 but less than \$99,000	\$1,230 plus 4 percent of the taxable income over \$74,000
\$99,000 but less than \$124,000	\$2,230 plus 5 percent of the taxable income over \$99,000
\$124,000 but less than \$148,000	\$3,480 plus 6 percent of the taxable income over \$124,000
\$148,000 but less than \$173,000	\$4,920 plus 7 percent of the taxable income over \$148,000
\$173,000 but less than \$198,000	\$6,670 plus 8 percent of the taxable income over \$173,000
\$198,000 but less than \$222,000	\$8,670 plus 9 percent of the taxable income over \$198,000
\$222,000 or more	\$10,830 plus 9.4 percent of the taxable income over \$222,000.

(f) [Repealed, Sec. 10 ch 1 SSSLA 1980].

Sec. 43.20.012. Limitation on application of chapter; credits.

(a) The tax imposed by this chapter does not

(1) apply to an individual;

(2) apply to a fiduciary;

(3) for a tax year beginning after December 31, 2012, apply to an Alaska corporation that is a qualified small business and that meets the active business requirement in 26 U.S.C. 1202(e) as that subsection read on January 1, 2012; or

(4) for a tax year beginning after June 30, 2007, apply to the income received by a regional association qualified under AS 16.10.380 or nonprofit corporation holding a hatchery permit under AS 16.10.400 from the sale of salmon or salmon eggs under AS 16.10.450 or from a cost recovery fishery under AS 16.10.455.

(b) An individual may file a return under this chapter in order to receive a tax credit under AS 43.20.013.

(c) For the purposes of (a)(3) of this section,

(1) whether a corporation qualifies under (a)(3) of this section shall be determined on the first day of the tax year for which the corporation claims it qualifies under (a)(3) of this section;

(2) all corporations that are members of the same parent-subsidiary controlled group shall be treated as one corporation.

(d) In this section,

(1) "Alaska corporation" means a corporation that has been incorporated in the state or is authorized to do business in the state;

(2) "parent-subsidiary controlled group" has the meaning given in 26 U.S.C. 1202 as that section read on January 1, 2012;

(3) "qualified small business" has the meaning given in 26 U.S.C. 1202 as that section read on January 1, 2012, and does not include a construction, transportation, utility, or fisheries business.

Sec. 43.20.013. Individual tax credits.

(a) A resident individual is entitled to a tax credit not to exceed \$100 for

(1) a contribution made in a calendar year to a person or organization for use exclusively

(A) for a political campaign for a candidate for

(i) President or Vice President of the United States, whether or not the candidate will be voted on in a primary election in Alaska;

(ii) United States senator from Alaska;

(iii) United States representative from Alaska;

(iv) governor or lieutenant governor of Alaska;

(v) the Alaska legislature;
(vi) delegate to an Alaska constitutional convention;
(vii) electoral confirmation as a judge or justice
of a court in Alaska; or

(viii) municipal office in Alaska; or
(B) by a group seeking to influence the outcome of a
ballot proposition or question in Alaska; and

(2) dues paid in a calendar year to a nonprofit organization
organized primarily for the purpose of influencing elections in Alaska.

(b) A resident individual is entitled to a tax credit equal to 16
percent of the tax credit claimed by the individual on the federal
income tax return of the individual for household and dependent care
services necessary for gainful employment.

(c) The commissioner shall pay the amount of a tax credit allowed
by this section to a resident individual who makes a return as
provided in AS 43.20.012. A credit under this section shall be paid in
the manner provided in AS 43.20.030(e) for the payment of refunds and
payment may not be made without an appropriation for that purpose.

Sec. 43.20.014. Income tax education credit.

(a) A taxpayer is allowed a credit against the tax due under this
chapter for cash contributions accepted for

(1) direct instruction, research, and educational support
purposes, including library and museum acquisitions, and contributions
to endowment, by an Alaska university foundation, by a nonprofit,
public or private, Alaska two-year or four-year college accredited by
a regional accreditation association, or by a public or private
nonprofit elementary or secondary school in the state;

(2) secondary school level vocational education courses,
programs, and facilities by a school district in the state;

(3) vocational education courses, programs, equipment, and
facilities by a state-operated vocational technical education and
training school, a nonprofit regional training center recognized by
the Department of Labor and Workforce Development, and an
apprenticeship program in the state that is registered with the United
States Department of Labor under 29 U.S.C. 50 - 50b (National
Apprenticeship Act);

(4) a facility by a nonprofit, public or private, Alaska
two-year or four-year college accredited by a regional accreditation
association or by a public or private nonprofit elementary or
secondary school in the state;

(5) Alaska Native cultural or heritage programs and
educational support, including mentoring and tutoring, provided by a
nonprofit agency for public school staff and for students who are in
grades kindergarten through 12 in the state;

(6) education, research, rehabilitation, and facilities by an
institution that is located in the state and that qualifies as a
coastal ecosystem learning center under the Coastal America
Partnership established by the federal government;

(7) the Alaska higher education investment fund under AS
37.14.750;

(8) funding a scholarship awarded by a nonprofit organization
to a dual-credit student to defray the cost of a dual-credit course,
including the cost of

(A) tuition and textbooks;

(B) registration, course, and programmatic student fees;

(C) on-campus room and board at the postsecondary
institution in the state that provides the dual-credit course;

(D) transportation costs to and from a residential school
approved by the Department of Education and Early Development under AS
14.16.200 or the postsecondary school in the state that provides the

dual-credit course; and

(E) other related educational and programmatic costs;

(9) constructing, operating, or maintaining a residential housing facility by a residential school in the state approved by the Department of Education and Early Development under AS 14.16.200;

(10) childhood early learning and development programs and educational support to childhood early Learning and development programs provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or a school district in the state, by the Department of Education and Early Development, or through a state grant;

(11) science, technology, engineering, and math programs provided by a nonprofit agency or a school district for school staff and for students in grades kindergarten through 12 in the state; and

(12) the operation of a nonprofit organization dedicated to providing educational opportunities that promote the legacy of public service contributions to the state and perpetuate ongoing educational programs that foster public service leadership for future generations of residents of the state.

(b) The amount of the credit is

(1) 50 percent of contributions of not more than \$100,000;

(2) 100 percent of the next \$200,000 of contributions; and

(3) 50 percent of the amount of contributions that exceed \$300,000.

(c) Each public college and university shall include in its annual operating budget request contributions received and how the contributions were used.

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title;

(2) also be allowed as a deduction under 26 U.S.C. 170 against the tax imposed by this chapter; and

(3) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070, 21.96.075, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total amount of credits exceeding \$5,000,000; if the taxpayer is a member of an affiliated group, then the total amount of credits may not exceed \$5,000,000 for the affiliated group; in this paragraph, "affiliated group" has the meaning given in AS 43.20.145.

(e) The credit under this section may not reduce a person's tax liability under this chapter to below zero for any tax year. An unused credit or portion of a credit not used under this section for a tax year may not be sold, traded, transferred, or applied in a subsequent tax year.

(f) In this section,

(1) "dual-credit student" means a secondary Level student in the state who simultaneously earns college and high school credit for a course;

(2) "nonprofit organization" means a charitable or educational organization in the state that is exempt from taxation under 26 U.S.C. 501(c)(3) (Internal Revenue Code);

(3) "school district" means a borough school district, a city school district, a regional educational attendance area, or a state boarding school;

(4) "vocational education" means organized educational activities that offer a sequence of courses that provides individuals with the academic and technical knowledge and skills the individuals need to prepare for further education and for careers other than careers requiring a baccalaureate, master's, or doctoral degree.

1980].

Repealed or Renumbered

Sec. 43.20.016. Sharing of corporate income tax revenue with municipalities. [Repeated, Sec. 88 ch 74 S A 1985].

Repealed or Renumbered

Sec. 43.20.017. Individual tax exemptions. [Repeated, Sec. 10 ch 1 SSS A 1980].

Repealed or Renumbered

Sec. 43.20.018. Alaska veterans' memorial endowment fund contribution credit. [Repeated, Sec. 25 ch 46 S A 2002].

Repealed or Renumbered

Sec. 43.20.020. Exemptions. [Repeated, Sec. 13 ch 70 S A 1975].

Repealed or Renumbered

Sec. 43.20.021. Internal Revenue Code adopted by reference.

(a) Sections 26 U.S.C. 1 - 1399 and 6001 - 7872 (Internal Revenue Code), as amended, are adopted by reference as a part of this chapter. These portions of the Internal Revenue Code have full force and effect under this chapter unless excepted to or modified by other provisions of this chapter.

(b) For purposes of calculating the federal tax payable on personal holding companies provided for in the provisions of 26 U.S.C. 541 (Internal Revenue Code), the rate is 12.6 percent.

(c) For purposes of calculating the alternative tax on capital gains provided for in the provisions of 26 U.S.C. 1201 (Internal Revenue Code), the rate is 4.5 percent for corporations.

(d) Where a credit allowed under the Internal Revenue Code is also allowed in computing Alaska income tax, it is limited to 18 percent for corporations of the amount of credit determined for federal income tax purposes which is attributable to Alaska. This limitation does not apply to a special industrial incentive tax credit under [AS 43.20.042](#).

(e) [Repealed, Sec. 10 ch 1 SSSLA 1980].

(f) For the purpose of calculating the alternative minimum tax on tax preferences provided for in 26 U.S.C. 55 - 59 (Internal Revenue Code), the tax is 18 percent for corporations of the applicable alternative minimum federal tax.

(g) For purposes of calculating the accumulated earnings tax as provided in 26 U.S.C. 531 (Internal Revenue Code), the rate is 4.95 percent of the first \$100,000 of accumulated taxable income and 6.93 percent of accumulated taxable income in excess of \$100,000.

(h) Nothing in this chapter or in [AS 43.19](#) (Multistate Tax Compact) may be construed as an exception to or modification of 26 U.S.C. 883.

(i) The provision in (h) of this section does not apply to commercial passenger vessels as defined in [AS 43.52.295](#).

(j) For purposes of calculating interest under the look-back method in 26 U.S.C. 460 (Internal Revenue Code), the rate of interest shall be as provided in that section.

Sec. 43.20.030. Returns and payment of taxes.

(a) If a corporation, or a partnership that has a corporation as a partner, is required to make a return under the provisions of the Internal Revenue Code, it shall file with the department, within 30 days after the federal return is required to be filed, a return

setting out

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

(2) other information for the purpose of carrying out the provisions of this chapter that the department requires.

(b) The return shall either be on oath or contain a written declaration that it is made under penalty of perjury, and the department shall prescribe forms accordingly.

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

(d) A taxpayer, upon request by the department, shall furnish to the department a true and correct copy of the tax return which the taxpayer has filed with the United States Internal Revenue Service. Every taxpayer shall notify the department in writing of any alteration in, or modification of, the taxpayer's federal income tax return and of a recomputation of tax or determination of deficiency, whether with or without assessment. A full statement of the facts must accompany this notice. The notice shall be filed within 60 days after the final determination of the modification, recomputation or deficiency, and the taxpayer shall pay the additional tax or penalty under this chapter. For purposes of this section, a final determination shall mean the time that an amended federal return is filed or a notice of deficiency or an assessment is mailed to the taxpayer by the Internal Revenue Service, except that in no event will there be a final determination for purposes of this section until the taxpayer has exhausted rights of appeal under federal law.

(e) The department may credit or refund overpayments of taxes, taxes erroneously or illegally assessed or collected, penalties collected without authority, and taxes that are found unjustly assessed or excessive in amount, or otherwise wrongfully collected. The department shall set limitations, specify the manner in which claims for credits or refunds are made, and give notice of allowance or disallowance. When a refund is allowed to a taxpayer, it shall be paid out of the general fund by a disbursement issued under a voucher approved by the department.

(f) [Repealed, Sec. 1e ch 1 SSSLA 198e].

(g) [Repealed, Sec. 1e ch 1 SSSLA 198e].

Sec. 43.20.e31. Deduction of taxes; consolidated returns; accounting methods.

(a) [Repealed, Sec. 1e ch 1 SSSLA 198e].

(b) [Repealed, Sec. 1e ch 1 SSSLA 198e].

(c) In computing the tax under this chapter, the taxpayer is not entitled to deduct any taxes based on or measured by net income. The taxpayer may deduct the tax levied and paid under AS 43.55.

(d) [Repealed, Sec. 1 ch 98 SLA 1984].

(e) An affiliated group of corporations may make or the commissioner may require them to make a consolidated return for the taxable year in place of separate returns. For purposes of calculating the amount of tax payable by the group under a consolidated filing, 26 U.S.C. 1Se1 - 1552 (Internal Revenue Code), as amended, apply.

(f) [Repealed, Sec. 1e ch 1 SSSLA 198e].

(g) [Repealed, Sec. 1e ch 1 SSSLA 198e].

(h) [Repealed, Sec. 1e ch 1 SSSLA 198e].

(i) A corporation which is a member of a group of unitary corporations which collectively has income from business activity taxable both inside and outside the state, or income from other sources both inside and outside the state, shall determine its income from sources in this state by use of the combined method of accounting.

Sec. 43.20.033. , 43.20.035. Taxable income of fiduciaries, nonresidents, and part-year residents. [Repealed, Sec. 10 ch 1 SSSLA 1980].

Repealed or Renumbered

Sec. 43.20.036. Federal tax deductions and credits.

(a) For purposes of calculating the income tax payable under this chapter, the taxpayer may not apply as a credit against tax liability the foreign tax credit allowed as to federal taxes under 26 U.S.C. 27 (Internal Revenue Code).

(b) For purposes of calculating the income tax payable under this chapter, the taxpayer may apply as a credit against tax liability the investment credit allowed as to federal taxes under 26 U.S.C. 38 (Internal Revenue Code) upon only the first \$20,000,000 of qualified investment, other than qualified investment for a special industrial incentive investment tax credit under AS 43.20.042, put into use in the state for each taxable year. This limitation does not apply to the amounts invested in equipment that meets the definition of a certified pollution control facility as defined in 26 U.S.C. 169 (Internal Revenue Code) as in effect on June 19, 1975, except that the date specified in 26 U.S.C. 169(d) (Internal Revenue Code) as a condition of qualifying a certified pollution control facility for a deduction does not apply.

(c) For purposes of calculating the income tax payable under this chapter, the taxpayer may apply as an exemption from tax liability the tax exemption for domestic international sales corporations under 26 U.S.C. 991 (Internal Revenue Code), except those taxpayers who are engaged in the exportation of nonrenewable resources.

(d) [Repealed, Sec. 10 ch 1 SSSLA 1980].

(e) [Repealed, Sec. 10 ch 1 SSSLA 1980].

(f) [Repealed, Sec. 10 ch 1 SSSLA 1980].

(g) [Repealed, Sec. 10 ch 1 SSSLA 1980].

(h) [Repealed, Sec. 10 ch 1 SSSLA 1980].

(i) [Repealed, Sec. 10 ch 1 SSSLA 1980].

(j) For purposes of calculating the tax payable under this chapter, a deduction under 26 U.S.C. 170 may only be taken if payment is made on or before the last day of the taxable year.

Sec. 43.20.037. Trade or business energy conservation credit.

[Repealed, Sec. 50 ch 83 SLA 1980].

Repealed or Renumbered

Sec. 43.20.038. - 43.20.039. Residential fuel and residential fuel conservation credits. [Repealed, Sec. 10 ch 1 SSSLA 1980].

Repealed or Renumbered

Sec. 43.20.040. Income from sources in the state.

(a) In this chapter, income from sources in the state includes

(1) income from real or tangible personal property located in the state;

(2) income of whatever nature from a business, trade or profession having a business situs in the state and compensation for services rendered in the state;

(3) income from stocks, bonds, notes, bank deposits, and other intangible personal property having a taxable or business situs in the state;

(4) rentals and royalties for the use of or for the privilege of using, in the state, patents, copyrights, secret processes and

formulas, good will, marks, trade brands, franchises, and other property having a taxable or business situs in the state.

(b) In this section, income is from a source having a taxable or business situs in the state if it is derived from

(1) owning or operating business facilities or property in the **state;**

(2) conducting business, farming, or fishing operations in the state;

(3) [Repealed, Sec. 10 ch 1 SSSLA 1980].

(4) a partnership which transacts business in the state;

(5) a corporation which transacts business in the state which has elected to file federal returns under subchapter S of the Internal Revenue Code;

(6) [Repealed, Sec. 10 ch 1 SSSLA 1980].

(7) engaging in any other activity from which income is received, realized or derived in the state.

(c) The receipt of income derived solely from interest earned on property in the state does not alone establish a taxable or business situs in the state.

Sec. 43.20.042. Special industrial incentive investment tax credits.

(a) Subject to (c) of this section, for purposes of calculating eligible taxes the taxpayer may apply as a credit against eligible taxes the following percentage of the investment credit allowed as to federal taxes under 26 U.S.C. 38 (Internal Revenue Code) on only the first \$250,000,000 of qualified investment in the state for each taxable year after December 31, 1984, for a gas processing project:

(1) 100 percent on the first \$50,000,000 of qualified investment; (2) 80 percent on qualified investment over \$50,000,000 but not exceeding \$100,000,000; (3) 70 percent on qualified investment over \$100,000,000 but not exceeding \$150,000,000; (4) 60 percent on qualified investment over \$150,000,000 but not exceeding \$200,000,000; and (5) 40 percent on qualified investment over \$200,000,000 but not exceeding \$250,000,000. A credit may not be allowed under this subsection for an investment credit that is allowed as to federal taxes for leased property by reason of 26 U.S.C. 168(f)(8) (Internal Revenue Code). In this subsection, "gas processing project" means the integrated plant, facilities, and equipment, including pollution control equipment, used for preparation of consumer or transportation gas, or for conditioning, fractionation, storage, handling or processing of a product, other than crude oil, of an oil or gas well, into liquefied **natural gas, methanol, ammonia, urea, olefins, propanes, butanes,** polymers and intermediate hydrocarbon products; it does not include a pipeline from oil and gas wells to or from a plant and facilities.

(b) Subject to (c) of this section, for purposes of calculating eligible taxes the taxpayer may apply as a credit against eligible taxes the following percentage of the investment credit allowed as to federal taxes under 26 U.S.C. 38 (Internal Revenue Code) on only the first \$250,000,000 of qualified investment in the state for each taxable year after December 31, 1984, for exploration, drilling of wells, development, or mining of the minerals and other natural deposits listed in 26 U.S.C. 613(b) (Internal Revenue Code) other than sand or gravel unless the mining of sand or gravel is ancillary to a mining development involving a qualified natural deposit other than sand or gravel: (1) 100 percent on the first \$50,000,000 of qualified investment; (2) 80 percent on qualified investment over \$50,000,000 but not exceeding \$100,000,000; (3) 70 percent on qualified investment over \$100,000,000 but not exceeding \$150,000,000; (4) 60 percent on qualified investment over \$150,000,000 but not exceeding \$200,000,000; and (5) 40 percent on qualified investment over \$200,000,000 but not exceeding \$250,000,000. A credit may not be allowed under this

subsection for any investment credit that is allowed as to federal taxes for leased property by reason of 26 U.S.C. 168(f)(8) (Internal Revenue Code). In this subsection, "mining" has the meaning given in 26 U.S.C. 613(c)(2) (Internal Revenue Code).

(c) A taxpayer may not claim an investment tax credit under (a) or (b) of this section unless the gas processing project or mining project began operation and production after December 31, 1984. A gas processing or mining project is considered to have begun operation and production when the first product or mineral is produced that is ultimately either sold or transferred for further processing or ultimate use.

(d) A taxpayer may not claim an additional investment tax credit under AS 43.20.036(b) for an investment for which a special industrial incentive investment tax credit is claimed under (a) or (b) of this section.

(e) If a taxpayer making an investment that qualifies for the investment tax credit under this section is a member of a group of affiliated corporations filing a consolidated return under the provisions of this chapter, the amount of the investment tax credit that may be claimed on the consolidated return is limited to the amount the taxpayer making the qualified investment would have been eligible to claim had a consolidated return not been filed.

(f) The investment tax credit per taxable year allowed by (a) and (b) of this section may not exceed 60 percent of the eligible tax liability. Any unused portion of the investment tax credit shall be subject to the carry forward provisions in 26 U.S.C. 46(b)(3) (Internal Revenue Code) except that the unused credit may not be carried forward to tax years beginning after December 31, 1999.

(g) Except as provided in (f) of this section, a tax credit under this section may not be claimed on investments made after December 31, 1994.

(h) In this section "eligible taxes" means the total tax liability of a taxpayer for the annual taxes due under the provisions of this chapter and AS 43.65.

Sec. 43.20.043. Gas exploration and development tax credit.

(a) Subject to the terms and conditions of this section, and in addition to any other credit authorized to the taxpayer by this chapter, a taxpayer that is an operator or working interest owner directly engaging in the exploration for and development of gas may apply as a credit against the state tax liability that may be imposed on the taxpayer under this chapter,

(1) for a tax year beginning after December 31, 2002, and before January 1, 2010,

(A) 10 percent of the taxpayer's qualified capital investment; and

(B) 10 percent of the annual cost incurred by the taxpayer for qualified services in the state during each tax year for which a credit is allowable for a qualified capital investment for any gas reserve of the taxpayer or for each year that qualified costs are incurred for a gas reserve for which the taxpayer previously elected to claim a credit under (A) of this paragraph; and

(2) for a tax year beginning after December 31, 2009,

(A) 25 percent of the taxpayer's qualified capital investment; and

(B) 25 percent of the annual cost incurred by the taxpayer for qualified services in the state during each tax year for which a credit is allowable for a qualified capital investment for any gas reserve of the taxpayer or for each year that qualified costs are incurred for a gas reserve for which the taxpayer previously elected to claim a credit under (A) of this paragraph.

(b) Expenditures qualifying for the taxpayer's qualified investment credit under (a)(1)(A) or (a)(2)(A) of this section must be

(1) cash expenditures or binding payment agreements entered into after

(A) June 30, 2003, and before January 1, 2010, if the claim of the credit is made under (a)(1)(A) of this section; or

(B) December 31, 2009, if the claim of the credit is made under (a)(2)(A) of this section; and

(2) made for assets first placed in service in the state in or before the tax year in which the credit is claimed through the date

(A) the wells produce gas for sale and delivery; for purposes of this subparagraph, "placed in service in the state" means that the first use of the qualified investment is in this state; if the property on which the claim of the credit is based has been used elsewhere in the tax year of acquisition and is brought to this state during that year or a subsequent year, the property does not qualify for the investment credit; or

(B) a gas well is determined not to be capable of production in commercial quantities.

(c) The credit each tax year allowed by (a) of this section may not exceed 75 percent of the taxpayer's total tax liability under this chapter, but shall be calculated before the application of any other credits allowed under this chapter. An unused portion of the credit

for the tax year

(1) may be carried forward into one or more of the following tax years, except that the unused credit from one tax year may not be carried forward for more than five following tax years;

(2) shall be applied to the taxpayer's tax liability under this chapter during the following tax year before allowance of a credit allowed by (a) of this section for that following tax year.

(d) To obtain the credit allowed by this section, the taxpayer shall, with the taxpayer's tax return, submit, on a form prescribed by the department, information that demonstrates that the taxpayer is eligible for the credit and evidence of the expenses that are the basis of the claim of the credit. The taxpayer has the burden of demonstrating compliance with the requirements of this section to entitle the taxpayer to the claim of and the amount of the credit.

(e) A taxpayer entitled to a credit under this section

(1) may not convey, assign, or transfer the credit to another taxpayer or business entity unless the conveyance, assignment, or transfer of the credit is part of the conveyance, assignment, or transfer of the taxpayer's business;

(2) forfeits the credit to which the taxpayer is entitled during the tax year and any carryover of it under (c) of this section, but does not forfeit the portion of the credit that accrued in a previous taxable year that may be carried over under (c) of this section, if the taxpayer

(A) disposes of the qualified capital investment;

(B) takes the qualified investment out of service; or

(C) transfers the qualified investment out of this state;

(3) may not include in any rate base for a regulated facility submitted to a regulatory agency charged with determining an appropriate tariff the cost of any qualified capital investment or qualified service that has been offset by receipt of a credit under this chapter.

(f) A taxpayer is not entitled to a credit under this section for expenditures that are made or incurred for the qualified capital investment or for qualified services made for exploration and development of gas that occur in the area of Alaska lying north of 68 degrees North latitude or that are made or incurred to transport gas from reserves located in the area of Alaska lying north of 68 degrees North latitude.

(g) A taxpayer that obtains a credit for a qualified capital investment or cost incurred for qualified services under this section may not also claim a tax credit or royalty modification for the same qualified capital investment or cost incurred for qualified services under AS 38.05.180(i), AS 41.09.010, AS 43.55.023, or 43.55.025. However, a taxpayer may elect not to obtain a credit under this section in order to qualify for a credit provided under AS 38.05.180(i), AS 41.09.010, AS 43.55.023, or 43.55.025.

(h) For purposes of determining allowable credits under this section, the department shall allow only expenditures and payments that are not inconsistent with the expenditures authorized under 26 U.S.C. (Internal Revenue Code) for exploration and development of natural resources.

(i) A taxpayer shall claim the credit authorized in (a) of this section on a timely filed tax return for the year in which the qualified capital investment is made, on a timely filed amended tax return, or on a timely filed tax return for the year immediately following the year in which the qualified capital investment is made. The election to apply the credit authorized in (a) of this section may not be an irrevocable election.

(j) In this section,

(1) "qualified capital investment" means a cash expenditure or binding payment agreement, as described in (b)(1) of this section, for real property or tangible personal property used in this state in the exploration and development of any gas reserve regardless of whether there has been commercial production in the area or whether the exploration and development activity results in the production of gas or a well not capable of production in commercial quantities; in this paragraph, "property" includes

(A) property used in the operation or maintenance of facilities for exploration or development of gas;

(B) property that is placed in use under a capitalized lease or an operating lease; and

(C) the following property used for the exploration and development of gas:

(i) machinery, appliances, supplies, and equipment;

(ii) drilling rigs, wells, gathering lines and transmission lines, pumping stations, compressor stations, power plants designed for field operations, gas processing plants, and gas treatment plants, but not including liquefied natural gas or manufacturing plants;

(iii) roads, docks and other port facilities, and helicopter pads;

(iv) maintenance equipment and facilities, and maintenance camps and other related facilities; and

(v) communications facilities owned by a person whose principal business in the state is the exploration for or development of gas and whose operation of the communications facilities directly relates to the conduct of that business;

(2) "qualified services"

(A) means expenditures for labor, seismic, and other services that are directly applicable to a qualified capital investment;

(B) does not include lease operating expenses.

Sec. 43.20.044. Exploration incentive credit.

(a) A taxpayer may apply as a credit against the tax levied under this chapter the exploration incentive credit authorized by AS 27.30.

(b) In a tax year in which a taxpayer applies against the tax levied under this chapter the exploration incentive credit authorized by AS 27.30, the commissioner shall require the taxpayer to submit the

accounting of mining operation activities form required by AS_ 27.30.030(b).

Sec. 43.20.045. Proration of part-year resident and nonresident individual credits. [Repeated, Sec. 10 ch 1 SSSLA 1980].

Repealed or Renumbered

Sec. 43.20.046. Gas storage facility tax credit.

(a) A person that is an owner of a gas storage facility described in (b) of this section that commences commercial operation after December 31, 2010, and before January 1, 2016, may apply a refundable credit against a tax liability that may be imposed on the person under this chapter for the taxable year in which the gas storage facility commences commercial operation. The tax credit under this section shall be an amount equal to \$1.50 for each 1,000 cubic feet of working gas storage capacity that is certified under AS 31.05.032 less any amount of credit received under this section taken in earlier tax years for that capacity. The total amount of the credit that may be received for a single gas storage facility under this section may not exceed the lesser of \$15,000,000 or 25 percent of the costs incurred to establish the gas storage facility. The tax credit in this section is in addition to any other credit under this chapter for which the person is eligible.

(b) A gas storage facility qualifying for the credit in this section

(1) must have a working gas storage capacity of at least 500,000,000 cubic feet of gas other than cushion gas;

(2) must have a minimum withdrawal capability of 10,000,000 cubic feet a day as certified by the Alaska Oil and Gas Conservation Commission under AS 31.05.032;

(3) may not have been in operation as a gas storage facility before January 1, 2011;

(4) must be regulated under AS 42.05 as a utility and be available to furnish the service of natural gas storage to the public for compensation; in this paragraph, "service of natural gas storage" has the meaning given in AS 42.05.990; and

(5) if located on state land and leased or subject to a lease under AS 38.05.180, must be in compliance with the terms of the lease.

(c) To claim the credit, the person shall submit to the department a copy of the certification of working gas storage capacity and

withdrawal capability issued under AS 31.05.032, the date that the gas storage facility commenced commercial operation, and other information required by the department. A person applying the credit against a liability under this chapter shall claim the credit on the person's return.

(d) A person entitled to a tax credit under this section that is greater than the person's tax liability under this chapter may request a refund in the amount of the unused portion of the tax credit.

(e) The department may use available money in the oil and gas tax credit fund established in AS 43.55.028 to make the refund applied for under (d) of this section in whole or in part if the department finds that (1) the claimant does not have an outstanding liability to the state for unpaid delinquent taxes under this title; and (2) after application of all available tax credits, the claimant's total tax liability under this chapter for the calendar year in which the claim is made is zero. In this subsection, "unpaid delinquent tax" means an amount of tax for which the department has issued an assessment that has not been paid and, if contested, has not been finally resolved in the taxpayer's favor.

(f) For the purpose of determining the amount of the credit under this section, the working gas storage capacity on which the credit is based shall be the capacity certified by the Alaska Oil and Gas

Conservation Commission under AS 31.05.032.

(g) A person may not receive a credit under this section for the acquisition of a gas storage facility for which a credit has been granted under this section.

(h) If the gas storage facility for which a credit was received under this section ceases commercial operation during the nine calendar years immediately following the calendar year in which the gas storage facility commences commercial operation, the tax liability under this chapter of the person who claimed the credit shall be increased. The amount of the increase in tax liability

(1) shall be determined and assessed for the taxable year in which the gas storage facility ceases commercial operation, regardless of whether the gas storage facility subsequently resumes commercial operation; and

(2) is equal to the total amount of the credit taken multiplied by a fraction, the numerator of which is the difference between 10 and the number of calendar years for which the gas storage facility was eligible for a tax credit under this section and the denominator of which is 10.

(i) The issuance of a refund under this section does not limit the department's ability to later audit or adjust the claim if the department determines, as a result of the audit, that the person that claimed the credit was not entitled to the amount of the credit. The tax liability of the person receiving the credit under this chapter is increased by the amount of the credit that exceeds that to which the person was entitled. If the tax liability is increased under this subsection, the increase bears interest under AS 43.05.225 from the date the refund was issued.

(j) A person claiming a tax credit under this section for a gas storage facility that ceases commercial operation within nine calendar years immediately following the calendar year in which the gas storage facility commences commercial operation shall notify the department in writing of the date the gas storage facility ceased commercial operation. The notice must be filed with the return for the taxable year in which the gas storage facility ceases commercial operation.

(k) A refund under this section does not bear interest.

(l) In this section, "ceases commercial operation," "commences commercial operation," "gas storage facility," and "working gas storage capacity" have the meanings given in AS 31.05.032.

Sec. 43.20.047. Liquefied natural gas storage facility tax credit.

(a) A person that is an owner of a liquefied natural gas storage facility described in (b) of this section that commences commercial operation before January 1, 2020, may apply a refundable credit against a tax liability that may be imposed on the person under this chapter or receive the amount of the credit in the form of a payment for the taxable year in which the liquefied natural gas storage facility commences commercial operation. The tax credit or payment under this section may not exceed the lesser of \$15,000,000 or 50 percent of the costs incurred to establish or expand the liquefied natural gas storage facility. The tax credit in this section is in addition to any other credit under this chapter for which the person is eligible.

(b) To qualify for the credit in this section, a liquefied natural gas storage facility

(1) must have a liquefied natural gas storage volume of not less than 25,000 gallons of liquefied natural gas, or, if the credit is claimed for an expansion, the expansion must have increased the capacity of an existing liquefied natural gas storage facility by more than 25,000 gallons;

(2) may not have been in operation as a liquefied natural gas

storage facility before January 1, 2011, unless the tax credit in this section is based on the expansion of the liquefied natural gas storage facility after December 31, 2011;

(3) must be regulated under AS 42.05 as a utility and be available to furnish the service of liquefied natural gas storage to customers, utilities, or industrial facilities; in this paragraph, "service of liquefied natural gas storage" has the meaning given in AS 42.05.990;

(4) if located on state land and leased or subject to a lease under AS 38.05, must be in compliance with the terms of the lease; and

(5) must have commenced commercial operation on or before the date the person takes a credit under (a) of this section or applies for a payment under (a) of this section.

(c) To claim the credit or request a payment, a person shall submit to the department a certification of the capacity of the liquefied natural gas storage facility measured in gallons or the capacity of an expansion to an existing liquefied natural gas storage facility measured in gallons, the date that the liquefied natural gas storage facility commenced commercial operation, the date that any expansion to the liquefied natural gas storage facility commenced commercial operation, and other information required by the department.

(d) A person applying the credit under this section against a liability under this chapter shall claim the credit on the person's return. A person entitled to a tax credit under this section that is greater than the person's tax liability under this chapter may request a refund or payment in the amount of the unused portion of the tax credit.

(e) The department may use money available in the oil and gas tax credit fund established in AS 43.55.028 to make a refund or payment

under (d) of this section in whole or in part if the department finds that (1) the claimant does not have an outstanding liability to the state for unpaid delinquent taxes under this title; and (2) after application of all available tax credits, the claimant's total tax liability under this chapter for the calendar year in which the claim is made is zero. In this subsection, "unpaid delinquent tax" means an amount of tax for which the department has issued an assessment that has not been paid and, if contested, has not been finally resolved in the taxpayer's favor.

(f) For the purpose of determining the amount of the credit under this section, the costs incurred to establish a liquefied natural gas storage facility or to expand a liquefied natural gas storage facility shall be submitted to the department with verification by an independent certified public accountant licensed in the state. The volume of working liquefied natural gas storage or volume of the expansion to an existing liquefied natural gas storage facility shall be verified by a professional engineer licensed in the state with relevant experience.

(g) A person may not receive a credit under this section for the acquisition of a liquefied natural gas storage facility for which a credit has been taken under this section.

(h) If the liquefied natural gas storage facility for which a credit was received under this section ceases commercial operation during the nine calendar years immediately following the calendar year in which the liquefied natural gas storage facility commences commercial operation, the tax liability under this chapter of the person who claimed the credit shall be increased, and a person not subject to the tax under this chapter that received a payment under (d) and (e) of this section shall be liable to the state in the amount determined in this subsection. The amount of the increase in tax liability or liability to the state

(1) for a person subject to the tax under this chapter, shall be determined and assessed for the taxable year in which the liquefied

natural gas storage facility ceases commercial operation, regardless of whether the liquefied natural gas storage facility subsequently resumes commercial operation;

(2) for a person not subject to the tax due under this chapter, shall be determined and assessed as of December 31 of the calendar year in which the liquefied natural gas storage facility ceases commercial operation, regardless of whether the liquefied natural gas storage facility subsequently resumes commercial operation; and

(3) is equal to the total amount of the credit taken or received as a payment under (d) of this section, as applicable, multiplied by a fraction, the numerator of which is the difference between 10 and the number of calendar years for which the liquefied natural gas storage facility was eligible for a tax credit under this section and the denominator of which is 10.

(i) The issuance of a refund under this section does not limit the department's ability to later audit or adjust the claim if the department determines, as a result of the audit, that the person that claimed the credit was not entitled to the amount of the credit. The tax liability of the person receiving the credit under this section is increased by the amount of the credit that exceeds that to which the person was entitled. If the tax liability is increased under this subsection, the increase bears interest at the rate set by AS 43.05.225 from the date the refund was issued.

(j) A person claiming a tax credit under this section for a liquefied natural gas storage facility that ceases commercial operation within nine calendar years immediately following the calendar year in which the liquefied natural gas storage facility commences commercial operation shall notify the department in writing of the date the liquefied natural gas storage facility ceased commercial operation. The notice must be filed with the return for the taxable year in which the liquefied natural gas storage facility ceases commercial operation.

(k) A refund under this section does not bear interest.

(l) In this section,

(1) "ceases commercial operation" means that the liquefied natural gas storage facility fails to add or withdraw 20 percent or more of its working capacity of liquefied natural gas during a calendar year after the calendar year in which the liquefied natural gas storage facility commences commercial operation;

(2) "commences commercial operation" means the first input of liquefied natural gas into a liquefied natural gas storage facility for purposes other than testing;

(3) "liquefied natural gas storage facility" has the meaning given in AS 42.05.990.

Sec. 43.20.048. Veteran employment tax credit.

(a) A taxpayer that hires a veteran and employs the veteran in the state is entitled to a credit under this section against the tax due under this chapter. The taxpayer is entitled to the credit for each veteran whose employment qualifies under this section.

(b) To qualify as a veteran for the purposes of the credit under this section, the veteran must have been unemployed for more than four weeks immediately preceding the date employment begins and must have been discharged or released from military service

(1) not more than 10 years before the date employment begins in the case of a veteran who is a disabled veteran; or

(2) not more than two years before the date employment begins in the case of a veteran who is not a disabled veteran.

(c) The amount of credit that may be applied by a taxpayer for each qualifying veteran under this section is,

(1) for a veteran employed in the state for 1,560 hours or more during the 12 consecutive months immediately following the date the veteran is first employed,

(A) \$3,000 for a disabled veteran; and

(B) \$2,000 for a veteran who is not disabled;

(2) for a veteran employed in the state for 500 hours or more in a seasonal position during the three consecutive months immediately following the date the veteran is first employed by an employer in a seasonal position, \$1,000; an employer that hires a veteran for a seasonal position may take the credit under this paragraph only for the first season in which the employer employs the veteran.

(d) The tax credit under this section may be applied against the tax due under this chapter for the first tax year ending on or after the end of the employment period described in (c) of this section. The credit may not be used to reduce a person's tax liability under this chapter below zero for any tax year, and any credit or portion of a credit not used under this section may be applied in a later tax year.

(e) A taxpayer shall keep a record of the name of the veteran employee whose employment is the basis for a credit under this section, documentation supporting the employee's qualification as a veteran or disabled veteran, and the veteran employee's hours employed and period of employment. The department may adopt a regulation that lists the documentation that must be maintained to support a claim that an employee qualifies as a veteran or disabled veteran for purposes of this section.

(f) In this section,

(1) "disabled veteran" has the meaning given in [AS 39.25.159](#);

(2) "seasonal position" means employment that is not intended to continue through an entire calendar year but recurs annually;

(3) "veteran" means an individual who served in and was honorably discharged from the

(A) armed forces of the United States, including a reserve unit of the armed forces of the United States; or

(B) Alaska Territorial Guard, the Alaska Army National Guard, the Alaska Air National Guard, or the Alaska Naval Militia.

Sec. 43.20.049. Qualified oil and gas service industry expenditure credit.

(a) For a tax year beginning after December 31, 2013, a taxpayer may apply a credit against the tax due under this chapter for a qualified oil and gas service industry expenditure incurred in the state. The total amount of credit a taxpayer may receive in a tax year may not exceed the lesser of 10 percent of qualified oil and gas service industry expenditures incurred in the state during the tax year or \$10,000,000.

(b) A taxpayer may not apply more than \$10,000,000 in tax credits under this section in a tax year. A tax credit or portion of a tax credit under this section may not be used to reduce the taxpayer's tax liability under this chapter below zero. Any unused tax credit or portion of a tax credit under this section may be applied in later tax years, except that any unused tax credit or portion of a tax credit may not be carried forward for more than five tax years immediately following the tax year in which the qualified oil and gas service industry expenditures were incurred.

(c) An expenditure that is the basis of the credit under this section may not be the basis for

(1) a deduction against the tax levied under this chapter;

(2) a credit or deduction under another provision of this title; or

(3) any federal credit claimed under this title.

(d) Notwithstanding any contrary provision of [AS 40.25.100\(a\)](#) or [AS](#)

43.05.230(e), for a year that three or more taxpayers claim a tax credit under this section, the department may publish the aggregated amount of tax credits claimed under this section and a description of the qualified oil and gas service industry expenditures that were the basis for a tax credit under this section.

(e) In this section,

(1) "manufacture" means to perform substantial industrial operations in the state to transform raw material into tangible personal property with a useful life of three years or more for use in the exploration for, development of, or production of oil or gas deposits;

(2) "modification" means an adjustment, equipping, or other alteration to existing tangible personal property that has a useful life of three years or more and is for use in the exploration for, development of, or production of oil or gas deposits; "modification" does not include minor product alterations or inventory activities;

(3) "qualified oil and gas service industry expenditure" means an expenditure directly attributable to an in-state manufacture or in-state modification of tangible personal property used in the exploration for, development of, or production of oil or gas deposits, but does not include components or equipment used for or in the process of that manufacturing or modification.

Sec. 43.20.050. Taxpayer liable. [Repeated, Sec. 13 ch 70 SLA 1975].
Repealed or Renumbered

Sec. 43.20.051. [Renumbered as AS 43.20.141].
Repealed or Renumbered

Sec. 43.20.053. Qualified in-state oil refinery infrastructure expenditures tax credit. [Effective January 1, 2015].

(a) A taxpayer that owns an in-state oil refinery whose primary function is the manufacturing and sale of refined petroleum products to third parties in arm's length transactions may apply a credit against the tax due under this chapter for a qualified infrastructure expenditure incurred in the state for a tax year beginning after December 31, 2014, and before January 1, 2020. The total amount of credit a taxpayer may receive under this section may not exceed the lesser of 40 percent of qualified infrastructure expenditures incurred in the state during the tax year or \$10,000,000 for each in-state refinery for which qualified expenditures are incurred.

(b) A taxpayer applying the credit under this section against a liability under this chapter shall claim the credit on the taxpayer's return. A tax credit or portion of a tax credit under this section may not be used to reduce the taxpayer's tax liability under this chapter below zero. Any unused tax credit or portion of a tax credit under this section may be carried forward to the five tax years immediately following the tax year in which the qualified infrastructure expenditures were incurred.

(c) An expenditure that is the basis of the credit under this section may not be the basis for

(1) a deduction against the tax levied under this chapter;

(2) a credit or deduction under another provision of this title; or

(3) any federal credit claimed under this title.

(d) A person entitled to a tax credit under this section that is greater than the person's tax liability under this chapter may request a refund or payment in the amount of the unused portion of the tax credit.

(e) The department may use money available in the oil and gas tax

credit fund established in AS 43.55.028 to make a refund or payment under (d) of this section in whole or in part if the department finds that

(1) the claimant does not have an outstanding liability to the state for unpaid delinquent taxes under this title; and

(2) after application of all available tax credits, the claimant's total tax liability under this chapter for the calendar year in which the claim is made is zero.

(f) A refund under this section does not bear interest.

(g) If an oil refinery ceases commercial operation during the nine calendar years immediately following the calendar year in which a credit under this section was received, regardless of whether commercial operation later resumes, the taxpayer's tax liability under this chapter will be increased. The tax liability increase is equal to the total amount of credit taken multiplied by a fraction

(1) the numerator of which is the difference between 10 and the number of calendar years for which the oil refinery was eligible for a credit under this section; and

(2) the denominator of which is 10.

(h) A person claiming a tax credit under this section for an oil refinery that ceases commercial operation or is sold during the nine calendar years immediately following the calendar year in which a credit under this section was received shall notify the department in writing of the date the oil refinery ceased commercial operation or was sold. The notice must be filed with the return for the tax year in which the oil refinery ceases commercial operation or was sold.

(i) The issuance of a refund under this section does not limit the department's ability to later audit or adjust the claim as provided in AS 43.05 if the department determines that the taxpayer claiming the credit was not entitled to the amount of the credit.

(j) In this section,

(1) "modification" means an adjustment or other alteration to existing tangible personal property that has a useful life of three years or more;

(2) "qualified infrastructure expenditure" means an expenditure for the in-state purchase, installation, or modification of tangible personal property for the in-state manufacture or in-state transport of refined petroleum products, or petroleum-based feedstock;

(3) "refined petroleum products" means separate marketable elements, compounds, or mixtures of oil in liquid form, including gasoline, diesel, jet fuel, gas oil, heating oil, and kerosene;

(4) "unpaid delinquent tax" means an amount of tax for which the department has issued an assessment that has not been paid and, if contested, has not been finally resolved in the taxpayer's favor.

Sec. 43.20.060. Direct allocation. [Repealed, Sec. 13 ch 70 S A 1975].

Repealed or Renumbered

Sec. 43.20.061. Credit for taxes paid another state. [Repealed, Sec. 10 ch 1 SSS A 1980].

Repealed or Renumbered

Sec. 43.20.065. [Renumbered as AS 43.20.142].

Repealed or Renumbered

Sec. 43.20.070. Employees of interstate carriers. [Repealed, Sec. 13 ch 70 S A 1975].

Repealed or Renumbered

Sec. 43.20.071. [Renumbered as AS 43.20.143].
Repealed or Renumbered

Sec. 43.20.072. [Renumbered as AS 43.20.144].
Repealed or Renumbered

Sec. 43.20.073. [Renumbered as AS 43.20.145].
Repealed or Renumbered

Article 02. ALLOCATION AND APPORTIONMENT

Sec. 43.20.080. - 43.20.140. Allocation of nonbusiness income; net rents and royalties; capital gains and losses; interests and dividends; patent and copyright royalties; allocation of business income; apportionment by commissioner. [Repealed. Sec. 13 ch 70 SLA 1975].

Repealed or Renumbered

Sec. 43.20.141. Income from sources in the state of nonresident partners.

In determining the source of a nonresident partner's income, effect may not be given to a provision in the partnership agreement that

(1) characterizes payments to the partner as being for services or for the use of capital;

(2) allocates to the partner, as income or gain from sources outside the state, a greater proportion of the partner's distributive share of partnership income or gain than the ratio of partnership income or gain from sources outside the state to partnership income or gain from all sources; or

(3) allocates to the partner a greater proportion of a partnership item of loss or deduction connected to Alaska sources than the partner's proportionate share, for federal income tax purposes of partnership loss or education generally.

Sec. 43.20.142. Allocation and apportionment.

A taxpayer who has income from business activity that is taxable both inside and outside the state or income from other sources both inside and outside the state shall allocate and apportion net income as provided in AS 43.19 (Multistate Tax Compact), or as provided by this chapter.

Sec. 43.20.143. Transportation carriers.

(a) All business income of water transportation carriers shall be apportioned to this state in accordance with AS 43.19 (Multistate Tax Compact) as modified by the following:

(1) the numerator of the property factor is the sum of the value for property in a fixed location, including buildings and land used in the business, and intrastate equipment and personal property determined according to AS 43.19 (Multistate Tax Compact), and the value of interstate mobile property determined on a days-spent-in-ports basis as provided in (4) of this subsection; the denominator of the property factor is determined according to AS 43.19 (Multistate Tax Compact);

(2) the numerator of the payroll factor is the sum of the wages and salaries of employees assigned to fixed locations determined according to AS 43.19 (Multistate Tax Compact) and the wages and salaries of employees assigned to interstate mobile property determined on a days-spent-in-ports basis as provided in (4) of this

subsection; the denominator of the payroll factor is determined in accordance with AS 43.19 (Multistate Tax Compact);

(3) the numerator of the sales factor is the sum of all revenues from intrastate activities and revenues from interstate activities determined on a days-spent-in-ports basis as provided in (4) of this subsection; the denominator is determined in accordance with AS 43.19 (Multistate Tax Compact);

(4) the portions of the numerator of the property, payroll, and sales factors which are directly related to interstate mobile property operations are determined by a ratio which the number of days spent in ports inside the state bears to the total number of days spent in ports inside and outside the state; the term "days spent in ports" does not include periods when ships are tied up because of strikes or withheld from Alaska service for repairs, or because of seasonal reduction of service; days in port are computed by dividing the total number of hours in all ports by 24.

(b) The department shall, by regulation, adopt formulas to ensure that the total income subject to apportionment under this chapter has been apportioned only to those states having jurisdiction to tax the income. Transportation carriers other than water carriers shall apportion their income to the state by means of the formulas adopted by the department.

Sec. 43.20.144. Oil and gas producers and pipelines.

(a) All business income of a taxpayer engaged in the production of oil or gas from a lease or property in this state or engaged in the transportation of oil or gas by pipeline in this state shall be apportioned to this state in accordance with AS 43.19 (Multistate Tax Compact) as modified by this section.

(b) A taxpayer's business income to be apportioned under this section to the state shall be the federal taxable income of the taxpayer's consolidated business for the tax period, except that

(1) taxes based on or measured by net income that are deducted in the determination of the federal taxable income shall be added back; the tax levied and paid under AS 43.55 may not be added back;

(2) intangible drilling and development costs that are deducted as expenses under 26 U.S.C. 263(c) (Internal Revenue Code) in the determination of the federal taxable income shall be capitalized and depreciated as if the option to treat them as expenses under 26 U.S.C. 263(c) (Internal Revenue Code) had not been exercised;

(3) depletion deducted on the percentage depletion basis under 26 U.S.C. 613 (Internal Revenue Code) in the determination of the federal taxable income shall be recomputed and deducted on the cost depletion basis under 26 U.S.C. 612 (Internal Revenue Code); and

(4) depreciation shall be computed on the basis of 26 U.S.C. 167 (Internal Revenue Code) as that section read on June 30, 1981.

(c) A taxpayer's business income shall be apportioned to this state by multiplying the taxpayer's income determined under (b) of this section by the apportionment factor applicable to the taxpayer among the following factors:

(1) the apportionment factor of a taxpayer subject to this section but not engaged in the production of oil and gas, or of gas only, as appropriate, from a lease or property in this state during the tax period is a fraction, the numerator of which is the sum of the property factor under AS 43.19 (Multistate Tax Compact) and the sales factor under (d) of this section for the taxpayer for that tax period, and the denominator of which is two;

(2) the apportionment factor of a taxpayer subject to this section but not engaged in the pipeline transportation of oil or gas in this state during the tax period is a fraction, the numerator of which is the sum of the property factor under (e) of this section and

the extraction factor under (f) of this section for the taxpayer for the tax period, and the denominator of which is two;

(3) the apportionment factor of a taxpayer engaged both in the production of oil or gas from a lease or property in this state and in the pipeline transportation of oil or gas in this state during the tax period is a fraction, the numerator of which is the sum of the sales factor under (d) of this section, the property factor under (e) of

this section, and the extraction factor under (f) of this section for the taxpayer for the tax period, and the denominator of which is three.

(d) [Effective January 1, 2015]. The sales factor of a taxpayer subject to this section is a fraction,

(1) the numerator of which is the sum of the following for the tax period:

(A) the tariffs allowed and received by or for the taxpayer for transporting oil or gas by pipeline in this state, regardless of whether the tariffs are paid by third parties or by entities within the taxpayer's consolidated business; and

(B) the total sales of the taxpayer in this state, determined in accordance with AS 43.19 (Multistate Tax Compact), but excluding

(i) those sales already included in the tariffs described in (A) of this paragraph;

(ii) constructive sales or deemed sales of natural gas delivered to the state as payment of tax under an election made by the taxpayer under AS 43.55.014;

(iii) fees, allowed and received, that are paid between entities within the consolidated business of the taxpayer for transporting the taxpayer's natural gas; and

(2) the denominator of which is the sum of the following for the tax period:

(A) the tariffs allowed and received by or for the taxpayer's consolidated business for transporting oil or gas by pipeline everywhere, regardless of whether the tariffs are paid by third parties or by entities within the taxpayer's consolidated business; and

(B) the total sales of the taxpayer's consolidated business everywhere, determined in accordance with AS 43.19

(Multistate Tax Compact), but excluding

(i) those sales already included in the tariffs described in (A) of this paragraph;

(ii) constructive sales or deemed sales of natural gas delivered to the state as payment of tax under an election made by

the taxpayer under AS 43.55.014 or delivered in another tax jurisdiction under a law comparable to AS 43.55.014;

(iii) fees, allowed and received, that are paid between entities within the consolidated business of the taxpayer for transporting the taxpayer's natural gas.

(e) Unless otherwise specified in this section, the property factor of a taxpayer subject to this section is a fraction,

(1) the numerator of which is the sum of the following for the tax period:

(A) the average value, determined under AS 43.19 (Multistate Tax Compact), of the taxpayer's real and tangible personal property owned or rented and used in this state during the tax period; and

(B) the cumulative intangible drilling and development costs capitalized or expensed for federal income tax purposes under 26

U.S.C. 263(c) (Internal Revenue Code), for the taxpayer's producing oil and gas wells in this state; and

(2) the denominator of which is the sum of the following for the tax period:

(A) the average value, determined under AS 43.19

(Multistate Tax Compact), of the real and tangible personal property everywhere owned or rented and used by the taxpayer's consolidated business during the tax period; and

(B) the cumulative intangible drilling and development costs capitalized or expensed for federal income tax purposes under 26

U.S.C. 263(c) (Internal Revenue Code), for the producing oil and gas wells everywhere of the taxpayer's consolidated business.

(f) [Effective January 1, 2015]. The extraction factor of a taxpayer subject to this section is a fraction, (1) the numerator of which is the sum of the following for the tax period:

(A) the number of barrels of the taxpayer's oil (net of royalty to an unrelated party) produced from or allocated to leases or properties of the taxpayer in this state; and

(B) one-sixth of the number of Mcf of the taxpayer's gas, excluding reinjected gas but including gas subject to an election under AS 43.55.014, (net of royalty to an unrelated party) produced from or allocated to leases or properties of the taxpayer in this state; and

(2) the denominator of which is the sum of the following for the tax period:

(A) the number of barrels of oil of the taxpayer's consolidated business (net of royalty to an unrelated party) produced from or allocated to leases or properties of the taxpayer's consolidated business everywhere; and

(B) one-sixth of the number of Mcf of gas, excluding reinjected gas but including gas subject to an election under AS 43.55.014, of the taxpayer's consolidated business (net of royalty to an unrelated party) produced from or allocated to Leases or properties of the taxpayer's consolidated business everywhere.

(g) A taxpayer that has signed a contract approved by the Legislature as a result of submission of a proposed contract developed under AS 43.82 or as a result of acts by the legislature in implementing the purposes of AS 43.82, providing for payments in Lieu of the tax under this chapter and that has nexus with the state solely as the result of the taxpayer's participation in the approved qualified project that is subject to the contract or would not, but for such participation, be engaged in the production of oil or gas from a lease or property in this state or engaged in the transportation of oil or gas by pipeline in this state, is not required to file a return under this section unless required to do so by the contract.

(h) In this section,

(1) "barrel" means the quantity of oil contained in 42 United States gallons of 231 cubic inches each, measured at a temperature of 60 degrees Fahrenheit and an absolute pressure of 14.65 pounds per square inch;

(2) "consolidated business" means a corporation or group of corporations having more than 50 percent common ownership, direct or indirect, or a group of corporations in which there is common control, either direct or indirect, as evidenced by any arrangement, contract, or agreement; the requirements of this chapter apply whether or not the taxpayer is the parent or controlling corporation;

(3) "federal taxable income" means taxable income as the term is used in AS 43.20.011 - 43.20.142;

(4) "gas" means all hydrocarbons produced that are not defined as oil, including all liquid hydrocarbons extracted at a gas processing plant;

(5) "Lease or property" has the meaning given it by the department in its regulations;

(6) "Mcf " means the quantity of gas contained in 1,000 cubic feet of space, measured at a temperature of 60 degrees Fahrenheit and an absolute pressure of 14.65 pounds per square inch; and

(7) "oil" means crude petroleum oil and other hydrocarbons, regardless of API gravity, which are produced in liquid form, including the liquid hydrocarbons sometimes known as distillate or condensate which are recovered by separation from gas other than at a gas processing plant.

Sec. 43.20.145. Affiliated groups.

(a) A corporation that is a member of an affiliated group shall file a return using the water's edge combined reporting method. A return under this section must include the following corporations if the corporations are part of a unitary business with the filing corporation:

(1) an affiliated corporation that is eligible to be included in a federal consolidated return under 26 U.S.C. 1501 - 1505 (Internal Revenue Code) if the corporation's property, payroll, and sales factors in the United States average

(A) 20 percent or more; or

(B) under 20 percent, if the corporation does not meet the requirements of 26 U.S.C. 861(c);

(2) a domestic international sales corporation; in this paragraph, "domestic international sales corporation" has the meaning given in 26 U.S.C. 992(a);

(3) a foreign sales corporation; in this paragraph, "foreign sales corporation" has the meaning given to the term "FSC" in 26 U.S.C. 922(a);

(4) a corporation, regardless of the place where the corporation was incorporated, if the corporation's property, payroll, and sales factors in the United States average 20 percent or more;

(5) a corporation that is incorporated in or does business in a country that does not impose an income tax, or that imposes an income tax at a rate lower than 90 percent of the United States income tax rate on the income tax base of the corporation in the United States, if

(A) 50 percent or more of the sales, purchases, or payments of income or expenses, exclusive of payments for intangible property, of the corporation are made directly or indirectly to one or more members of a group of corporations filing under the water's edge combined reporting method;

(B) the corporation does not conduct significant economic activity.

(b) When computing taxable income for a corporation under (a) of this section, the following amounts shall be excluded:

(1) 80 percent of dividend income received from foreign corporations;

(2) an amount treated as a dividend under 26 U.S.C. 78;

(3) 80 percent of the royalties accrued or received from a foreign corporation.

(c) In (b)(1) and (3) of this section, a payment is considered to be received from a corporation that is part of the unitary business if the payment is received

(1) by a member of an affiliated group included in a water's edge combined report filed under this section; and

(2) from a corporation in which the recipient owns 50 percent or more of the stock of the corporation.

(d) Dividends and royalties taxable to a corporation using the water's edge combined reporting method are in lieu of an expense attribution for income excluded under (b) of this section.

(e) The department may require a corporation that files under (a) of this section to file a report under AS 43.20.142 and 43.20.143

prepared without regard to this section if the corporation or an affiliated corporation

(1) fails to comply with regulations adopted under this chapter, including domestic disclosure spread sheet filing requirements; or

(2) does not provide information that is requested by the department that is necessary for the department to audit the taxpayer's corporate return in a reasonable period of time.

(f) This section does not apply to taxpayers subject to AS 43.20.144 engaged in

(1) the production of oil or gas from a lease or property in the state; or

(2) the transportation of oil or gas by regulated pipeline in the state.

(g) A corporation that has signed a contract approved by the legislature as a result of submission of a proposed contract developed under AS 43.82 or as a result of acts by the legislature in implementing the purposes of AS 43.82, providing for payments in lieu of the tax under this chapter and that has nexus with the state solely as the result of the corporation's participation in the approved qualified project that is subject to the contract is not required to file a return under this section unless required to do so by the contract.

(h) In this section,

(1) "affiliated corporation" means a member of an affiliated group to which the taxpayer filing a return under (a) of this section belongs;

(2) "affiliated group" means a group of two or more corporations in which 50 percent or more of the voting stock of each member of the group is directly or indirectly owned by one or more corporate or noncorporate common owners, or by one or more of the members of the group;

(3) "foreign corporation" means a corporation created or organized outside of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or a possession of the United States;

(4) "water's edge combined reporting method" means a reporting method in which the only corporations besides the taxpayer that may be included in the return are the corporations listed in (a) of this section.

Sec. 43.20.150. Definitions. [Repealed, Sec. 45 ch 113 SLA 1980].
Repealed or Renumbered

Article 03. ADMINISTRATION

Sec. 43.20.160. Administration.

(a) The department shall administer this chapter.

(b) [Repealed, Sec. 45 ch 113 SLA 1980].

(c) The department shall prescribe and furnish all necessary forms, and adopt and publish all necessary regulations in plain and concise language conformable with this chapter for the assessment and collection of the taxes imposed by this chapter. The department shall apply as far as practicable the administrative and judicial interpretations of the federal income tax law. The department shall also prepare a concise statement of the contents of the code sections referred to in this chapter for the information of the taxpayer and make them available to the taxpayer making a return.

(d) ALL money collected by the department under this chapter shall be deposited in the general fund of the state.

(e) [Repealed, Sec. 10 ch 1 SSSLA 1980].

Sec. 43.20.170. Collection of income tax at source. [Repealed, Sec. 11 ch 1 SSSLA 1980].

Repealed or Renumbered

Sec. 43.20.172. Information required of fish processors and buyers. [Repealed, Sec. 16 ch 82 SLA 1982].

Repealed or Renumbered

Sec. 43.20.173. Collection of income tax at source for fish and fish products. [Repealed, Sec. 1 ch 28 SLA 1965].

Repealed or Renumbered

Sec. 43.20.180. Credits against tax. [Repealed, Sec. 10 ch 1 SSSLA 1980].

Repealed or Renumbered

Sec. 43.20.190. Publicity. [Repealed, Sec. 3 ch 166 SLA 1976. For law on disclosure of tax returns and reports, see AS 43.05.230].

Repealed or Renumbered

Sec. 43.20.200. Review and assessment.

(a) As soon as practicable after a return is filed, the department may examine it and determine the correct amount of the tax. If an error is disclosed by the examination, the department shall so notify the taxpayer by first-class mail. The taxpayer may petition for redetermination of deficiency as provided in AS 43.05.240.

(b) The same period of limitation upon the assessment and collection of taxes imposed under this chapter and the same exceptions to it shall apply as provided in 26 U.S.C. 6501 - 6503 (Internal Revenue Code). In the case of additional tax due by reason of a modification, recomputation, or determination of deficiency in a taxpayer's federal income tax return, the period of limitation on assessment commences from the date that the notice required in AS 43.20.030(d) is filed, and if no notice is filed the tax may be assessed at any time.

Sec. 43.20.210. Additional penalty tax. [Repealed. Sec. 3 ch 166 SLA 1976. For civil penalty, see AS 43.05.220].

Repealed or Renumbered

Sec. 43.20.215. Penalty for late payment of refund. [Repealed, Sec. 10 ch 1 SSSLA 1980].

Repealed or Renumbered

Article 04. ENFORCEMENT

Sec. 43.20.220. Enforcement. [Repealed, Sec. 45 ch 113 SLA 1980. For current law, see AS 43.10.032].

Repealed or Renumbered

Sec. 43.20.230. Lien. [Repealed, Sec. 4 ch 94 SLA 1976. For current law, see AS 43.10.035].

Repealed or Renumbered

Sec. 43.20.240. Recording lien and certificate of discharge. [Repealed, Sec. 45 ch 113 SLA 1980. For current law, see AS 43.10.042].

Repealed or Renumbered

Sec. 43.20.250. Action to enforce lien.

In a case where there is a refusal or neglect to pay a tax, including interest, penalty, additional amount, or addition to the tax, together with additional costs that accrue, the attorney general, at the request of the department may file an action in the superior court to enforce the lien of the state for the tax upon property and rights to property, real or personal, or to subject the property and rights to property owned by the delinquent, or in which the delinquent has a right, title, or interest to the payment of the tax. The action shall be commenced and pursued in the manner provided for the foreclosure of liens in AS 09.45.170 - 09.45.220, which are applicable to tax liens arising under this chapter to the extent that the provisions are not inconsistent with other provisions of this chapter. The action may be started at any time within six years after the lien arises.

Sec. 43.20.260. Suspension of licenses. [Repeated, Sec. 45 ch 113 SLA 1980. For current law, see AS 43.10.045].

Repealed or Renumbered

Sec. 43.20.270. Distraint on property.

(a) The department may collect taxes, with interest, penalties, and other additional amounts permitted by law, by distraint and sale, in the manner provided in this section, of the property of a person liable to pay the taxes, interest, penalties, or other additional amounts, who neglects or refuses to pay them within 10 days from the mailing of notice and demand for payment of them, and who has not appealed from the assessment of the taxes, interest, penalties, and other additional amounts determined under AS 43.05.240 or following appeal taken under AS 43.05.241 or 43.05.242.

(b) Notwithstanding the provisions of AS 09.38 or any other provision of law exempting property from execution, only the following property, if it belongs to the head of a family, is exempt from distraint and sale under this chapter:

- (1) the schoolbooks and wearing apparel necessary for the family;
- (2) arms for personal use;
- (3) one cow, two hogs, five sheep and their wool, but the aggregate market value of the sheep may not exceed \$50;
- (4) the necessary food for the exempt cow, hogs, and sheep, for not more than 30 days;
- (5) fuel to an amount not greater than \$25;
- (6) provisions to an amount not greater than \$50;
- (7) household furniture kept for use to an amount not greater than \$300; and
- (8) the books, tools, or implements of a trade or profession, to an amount not greater than \$100.

(c) In case of neglect or refusal to pay taxes or deficiencies as provided in this chapter, the department may levy, or, by warrant issued by it, authorize a deputy or agent to levy upon, seize and sell all property, except exempt property belonging to the person, for the payment of the amount due, with interest and penalty for nonpayment, and also of a further amount sufficient for the fees, costs, and expenses of the levy.

(d) When distraint is made, as provided in this section,

(1) the deputy or agent charged with the collection shall make or have made an account of the property distrained, a copy of which, signed by the deputy or agent making the distraint, shall be left with the owner or possessor of the property, or at the dwelling or usual place of business of the owner or possessor, with a person of suitable age and discretion, if a person of suitable age and discretion can be

found, or, if the taxpayer is a corporation, with an officer, manager, general agent, or agent for process, with a note of the amount demanded and the time and place of sale;

(2) the deputy or agent shall immediately publish a notice of the time and place of sale, together with a description of the property distrained, in a newspaper within the judicial district in which the distraint is made, and, in the discretion of the department, have the notice publicly posted in three public places within five miles of the place where the sale is to be held; and

(3) the time of sale may not be less than 10 nor more than 60 days from the date of the notification to the owner or possessor of

the property, and the place proposed for the sale may not be more than five miles from the place of making the distraint; the sale may be adjourned from time to time by the deputy or agent, if the deputy or agent considers it advisable, but not for more than 90 days in all.

(e) When property is advertised for sale under distraint, the deputy or agent making the seizure shall proceed to sell the property at public auction, offering the property at not less than a fair minimum price, including the expenses of making the seizure and of advertising the sale, and if the amount bid for the property at the sale is not equal to the fair minimum price so fixed, the agent or deputy conducting the sale may declare the property to be purchased by the agent or deputy for the state. The property so purchased may be sold by the deputy or agent under regulations prescribed by the department.

(f) The property distrained shall be restored to the owner or possessor if, before the sale, payment of the amount due is made to the deputy or agent charged with the collection, together with the fees and other charges; but in case of nonpayment, the deputy or agent shall proceed to sell the property at public auction.

The owner of real property sold under this section, the owner's heir, executor, or administrator, or a person in behalf of the owner may redeem the property sold or a particular tract of the property at any time within 120 days after the sale of the property or tract. The property or tract may be redeemed upon payment to the purchaser or, if the purchaser cannot be found in the state, then to the commissioner of revenue for the use of the purchaser, the purchaser's heirs, or assigns, the amount paid by the purchaser and interest on it at the rate of 12 percent a year. If land sold is redeemed under this subsection, the commissioner shall cause entry of the fact to be made upon the record mentioned in (g)(6) of this section and the entry shall be evidence of such redemption.

(g) The following provisions apply to sale of property under this section.

(1) In the case of property sold under this section, the deputy or agent conducting the sale shall give to the purchaser a certificate of sale upon payment in full of the purchase price. In the case of real property, the certificate shall set out the real property purchased, for whose taxes the same was sold, the name of the purchaser, and the price paid for it.

(2) In the case of real property sold under this section and not redeemed in the manner and within the time provided in (f) of this section, the commissioner shall execute to the purchaser of the real property at the sale a deed of the real property so purchased, reciting the facts set out in the certificate.

(3) If real property is declared purchased by the deputy or agent for the state at a sale under (e) of this section, the deputy or agent shall at the proper time execute a deed for it after its preparation and the endorsement of approval as to its form by the attorney general and, without delay, cause the deed to be duly recorded in the proper registry of deeds.

(4) In all cases of sale of property under this section other

than real property, the certificate of sale

(A) is prima facie evidence of the right of the deputy or agent to make the sale, and conclusive evidence of the regularity of the proceedings in making the sale;

(B) transfers to the purchaser all right, title, and interest of the delinquent in and to the property sold;

(C) where the property consists of stock, is notice, when received, to a corporation, company, or association of the transfer, and is authority to the corporation, company, or association to record the transfer on their books and records in the same manner as if the stock was transferred or assigned by the party holding the stock in lieu of an original or prior certificate, which is void, whether cancelled or not; and

(D) where the subject of sale is security or other evidence of debt, is a good and valid receipt to the person holding it, as against a person holding or claiming to hold possession of the security or other evidence of debt.

(5) In the case of the sale of real property under this section

(A) the deed of sale given under (2) of this subsection is prima facie evidence of the facts stated in it; and

(B) if the proceedings of the commissioner or a deputy or agent of the commissioner as set out have been substantially in accordance with the provisions of law, the deed is considered and operates as a conveyance of all the right, title, and interest the party delinquent had in and to the real property thus sold at the time the lien of the state attached to it.

(6) The commissioner or a deputy or agent of the commissioner shall keep a record of all sales of real property under this section and of redemption of the property. The record shall set out the tax for which the sale was made, the date of seizure and sale, the name of the party assessed and all proceedings in making the sale, the amount of expenses, the names of the purchasers, and the date of the deed. A copy of the record or a part of it certified by the commissioner is evidence in any court of the truth of the facts stated in it.

(h) When property liable to distraint for taxes is not divisible, so as to enable the department by sale of a part of it to raise the

whole amount of the tax or deficiency, with all costs and charges, the whole of the property shall be sold, and the surplus of the proceeds of the sale, after making allowance for the amount of the tax or deficiency, interest, penalties, and additions to it and for the costs and charges of the distraint and sale, shall be surrendered to the owner of the property.

(i) If property seized and sold under this section is not sufficient to satisfy the claim of the state for which distraint or seizure is made, the deputy or agent may, thereafter, and as often as is necessary, proceed to seize and sell in like manner any other property liable to seizure of the taxpayer against whom the claim exists until the amount due from the taxpayer, together with all expenses, is fully paid.

(j) A person in possession of property, or rights to property, which is subject to distraint, upon which a levy is made, shall, upon demand by the deputy or agent making the levy, surrender the property or rights to the deputy or agent, unless the property or right is, at the time of the demand, subject to an attachment under judicial process. A person who fails or refuses to so surrender the property or rights is personally liable to the state in a sum equal to the value of the property or rights not so surrendered, but not exceeding the amount of the taxes or deficiencies, including penalties, and interest, for the collection of which levy is made, together with costs and interest from the date of the levy.

(k) All persons shall, on demand of an agent or deputy about to distraint or having distrained on property, or rights of property,

exhibit all books containing evidence or statements relating to the subject of distraint, or the property or rights of property liable to distraint for the tax due.

(l) The department shall by regulation determine the fees and charges to be allowed in cases of distraint, and may determine whether an expense incurred in making a distraint or seizure is necessary.

(m) The period of limitation upon distraint is the same as provided under 26 U.S.C. 6501(c), 6502(a), and 6503(a) (Internal Revenue Code). In determining the running of a period of limitation in respect of distraint, the distraint is considered to begin when the levy upon property is made.

(n) The provisions of this chapter are not exclusive but are in addition to all other existing remedies provided by law for the enforcement of the revenue laws of the state.

(o) The department may be made a party defendant in an action by a person aggrieved by the unlawful seizure or sale of the person's property, but only the state is responsible for a final money judgment secured against the department, and the judgment shall be satisfied out of the general fund of the state treasury.

(p) The department shall adopt and publish all necessary regulations for the enforcement of this section.

(q) In this section "person" includes an officer or employee of a corporation or a member or employee of a partnership, who as an officer, employee, or member is under a duty to perform the act in respect of which the violation occurs.

Sec. 43.20.275. Definitions for AS 43.20.250 43.20.270.
In AS 43.20.250 43.20.270,

(1) "property" means all property, real and personal, tangible and intangible, a right, title, or interest to property, and, without limitation, stocks, securities, bank accounts, and evidences of debt;

(2) "taxes" includes deficiencies in respect to the taxes.

Article 05. GENERAL PROVISIONS

Sec. 43.20.280. Taxpayers' remedies. [Repeated, Sec. 3 ch 166 SLA 1976. For current law, see AS 43.05.240].

Repealed or Renumbered

Sec. 43.20.290. Exclusive state authority.

No tax may be levied and collected upon the net income of resident or nonresident individuals by a general law city or by a home rule city or any other political subdivision of the state.

Sec. 43.20.300. References to Internal Revenue Code.

(a) The provisions of the Internal Revenue Code as now in effect or hereafter amended mentioned in this chapter are incorporated in this chapter by reference and have effect as though fully set out in this chapter.

(b) When portions of the Internal Revenue Code incorporated by reference as provided in (a) of this section refer to rules and regulations adopted by the United States Commissioner of Internal Revenue, or hereafter adopted, they are regarded as regulations adopted by the department under and in accord with the provisions of this chapter, unless and until the department adopts specific regulations in place of them conformable with this chapter.

Sec. 43.20.310. , 43.20.320. Taxable years to which applicable; arrangement and classification. [Repeated, Sec. 62 ch 21 SLA 1991].

Repealed or Renumbered

Sec. 43.20.330. Penalties. [Repeated, Sec. 3 ch 169 SLA 1972].
Repealed or Renumbered

Sec. 43.20.335. Penalties. [Repeated, Sec. 46 ch 113 SLA 1980. For current law, see AS 43.05.220 and 43.05.290].
Repealed or Renumbered

Sec. 43.20.340. Definitions.

In this chapter,

(1) "bank" means a financial institution including a national banking association;

(2) "corporation" includes an association, joint-stock company, and an insurance company;

(3) "fiscal year" means an accounting period of 12 months ending on the last day of a month other than December;

(4) "includes" and "including" when used in a definition do not exclude other things otherwise within the meaning of the word defined;

(5) "Internal Revenue Code" means the Internal Revenue Code of the United States (26 U.S.C.) as the code exists now or as hereafter amended, as the code and amendments apply to the normal taxes and surtax on net incomes, which amendments are operative for the purposes of this chapter as of the time they became operative or will become operative under federal law;

(6) "part-year resident" means an individual who enters or leaves the state during the taxable year and who has resided or was domiciled in the state for a period of less than 12 months during the taxable year;

(7) "person" means an individual, a trust or estate, or partnership, or a corporation;

(8) "taxable year" means the calendar year or the fiscal year ending during the calendar year upon the basis of which the net income is computed under this chapter; "taxable year" includes, in the case of a return made for a fractional part of a year under this chapter, the period for which the return is made;

(9) "taxpayer" means a person subject to a tax imposed by this chapter;

(10) "trade or business" includes the engaging in or carrying on of a trade, business, profession, vocation, employment, and rendition of services or commercial activity and includes the performance of the function of a public office.

Sec. 43.20.350. Short title.

This chapter may be cited as the Alaska Net Income Tax Act.