

REFERENCE TITLE: **income tax; net operating loss**

State of Arizona
Senate
Forty-ninth Legislature
First Regular Session
2009

SB 1321

Introduced by
Senator Leff

AN ACT

AMENDING SECTION 43-1123, ARIZONA REVISED STATUTES; RELATING TO CORPORATE INCOME TAX.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 43-1123, Arizona Revised Statutes, is amended to
3 read:

4 43-1123. Net operating loss; definition

5 A. ~~As used in~~ FOR THE PURPOSES OF this section, "net operating loss"
6 means:

7 1. In the case of a taxpayer who has a net operating loss for the
8 taxable year within the meaning of section 172(c) of the internal revenue
9 code, the amount of the net operating loss increased by the subtractions
10 specified in section 43-1122, except the ~~deduction~~ SUBTRACTION allowed in
11 section 43-1122, paragraph 7, and reduced by the additions specified in
12 section 43-1121.

13 2. In the case of a taxpayer not described in paragraph 1 ~~of this~~
14 ~~subsection~~, any excess of the subtractions specified in section 43-1122,
15 except the ~~deduction~~ SUBTRACTION allowed in section 43-1122, paragraph 7,
16 over the sum of the Arizona gross income plus the additions specified in
17 section 43-1121.

18 B. If for any taxable year the taxpayer has a net operating loss: ~~—~~

19 1. Such net operating loss shall be a net operating loss carryover
20 for:

21 (a) Each of the five succeeding taxable years, ~~except that~~ FOR NET
22 OPERATING LOSSES ARISING IN TAXABLE PERIODS THROUGH DECEMBER 31, 2008.

23 (b) EACH OF THE TWENTY SUCCEEDING TAXABLE YEARS FOR NET OPERATING
24 LOSSES ARISING IN TAXABLE PERIODS BEGINNING FROM AND AFTER DECEMBER 31, 2008.

25 2. The carryover in the case of each such succeeding taxable year,
26 other than the first succeeding taxable year, shall be the excess, if any, of
27 the amount of such net operating loss over the sum of the taxable income for
28 each of the intervening years computed by determining the net operating loss
29 ~~deduction~~ SUBTRACTION for each intervening taxable year, without regard to
30 such net operating loss or to the net operating loss for any succeeding
31 taxable year.

32 C. The amount of the net operating loss ~~deduction~~ SUBTRACTION shall be
33 the aggregate of the net operating loss carryovers to the taxable year.