

Income/Franchise:

Arizona: New Law Updates State Conformity to Internal Revenue Code

S.B. 1752, signed by gov. 4/14/21. Effective ninety-one days after adjournment of the 2021 Arizona Legislature and applicable for tax years beginning from and after December 31, 2020, new law generally updates the definition of the federal Internal Revenue Code (IRC) for Arizona tax purposes to the IRC as in effect on March 11, 2021, “including those provisions that became effective during 2020 with the specific adoption of all retroactive effective dates,” but excluding any change to the IRC enacted after March 11, 2021. For purposes of computing state corporate and personal income taxes for tax years beginning from and after December 31, 2019 through December 31, 2020, the legislation provides that the definition of the IRC for Arizona tax purposes generally is the IRC as in effect on January 1, 2020, including those provisions that became effective during 2019 with the specific adoption of all federal retroactive effective dates, *and* including provisions of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act (*i.e.*, P.L. 116-136), Consolidated Appropriations Act, 2021 (*i.e.*, P.L. 116-260), and American Rescue Plan Act of 2021 (*i.e.*, P.L. 117-2) that are “retroactively effective during taxable years beginning from and after December 31, 2019 through December 31, 2020.” Subsequent to the enactment of this legislation, the Arizona Department of Revenue posted *2020 Conformity Notice* addressing resulting implications for filing 2020 Arizona income tax returns. Please contact us with any questions.

URL: <https://apps.azleg.gov/BillStatus/BillOverview/75896?SessionId=123>

URL: <https://azdor.gov/news-events-notices/news/2020-conformity-notice>

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