House Engrossed

internal revenue code; conformity.

State of Arizona
House of Representatives
Fifty-seventh Legislature
First Regular Session
2025

CHAPTER 1

HOUSE BILL 2688

AN ACT

AMENDING SECTIONS 42-1001 AND 43-105, ARIZONA REVISED STATUTES; RELATING TO TAXATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 42-1001, Arizona Revised Statutes, is amended to read:

42-1001. Definitions

In this title, unless the context otherwise requires:

1. "Board" or "state board" means either the state board of tax appeals or the state board of equalization, as applicable.

2. "Court" means the tax court or superior court, whichever is applicable.

3. "Department" means the department of revenue.

4. "Director" means the director of the department.

5. "Electronically send" or "send electronically" means to send by either email or the use of an electronic portal.

6. "Electronic portal" means a secure location on a website established by the department that requires the receiver to enter a password to access.

7. "Email" means:

(a) An electronic transmission of a message to an email address.

(b) If the message contains confidential information, the electronic transmission of a message to an email address using encryption software that requires the receiver to enter a password before the message can be retrieved and viewed.

8. "Internal revenue code" means the United States internal revenue code of 1986, as amended and in effect as of January 1, ~~2024~~ 2025, including those provisions that became effective during ~~2023~~ 2024 with the specific adoption of their retroactive effective dates but excluding all changes to the code enacted after January 1, ~~2024~~ 2025.

Sec. 2. Section 43-105, Arizona Revised Statutes, is amended to read:

43-105. Internal revenue code; definition; application

A. FOR THE PURPOSES OF COMPUTING INCOME TAX PURSUANT TO THIS TITLE, FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2024, "INTERNAL REVENUE CODE" MEANS THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED, IN EFFECT ON JANUARY 1, 2025, INCLUDING THOSE PROVISIONS THAT BECAME EFFECTIVE DURING 2024 WITH THE SPECIFIC ADOPTION OF ALL RETROACTIVE EFFECTIVE DATES, BUT EXCLUDING ANY CHANGES TO THE CODE ENACTED AFTER JANUARY 1, 2025.

~~A.~~ B. For the purposes of computing income tax pursuant to this title, for taxable years beginning from and after December 31, 2023 THROUGH DECEMBER 31, 2024, "internal revenue code" means the United States internal revenue code of 1986, as amended, in effect on January 1, 2024, including those provisions that became effective during 2023 with the specific adoption of all retroactive effective dates, ~~but excluding any changes to the code enacted after January 1, 2024~~ AND INCLUDING THOSE

PROVISIONS THAT ARE RETROACTIVELY EFFECTIVE DURING TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2023 THROUGH DECEMBER 31, 2024.

~~B.~~ C. For the purposes of computing income tax pursuant to this title, for taxable years beginning from and after December 31, 2022 through December 31, 2023, "internal revenue code" means the United States internal revenue code of 1986, as amended, in effect on January 1, 2023, including those provisions that became effective during 2022 with the specific adoption of all retroactive effective dates, and including those provisions that are retroactively effective during taxable years beginning from and after December 31, 2022 through December 31, 2023.

~~C.~~ D. For the purposes of computing income tax pursuant to this title, for taxable years beginning from and after December 31, 2021 through December 31, 2022, "internal revenue code" means the United States internal revenue code of 1986, as amended, in effect on January 1, 2022, including those provisions that became effective during 2021 with the specific adoption of all retroactive effective dates, and including those provisions of the chips and science act of 2022 (P.L. 117-167), the inflation reduction act of 2022 (P.L. 117-169) and the consolidated appropriations act, 2023 (P.L. 117-328) that are retroactively effective during taxable years beginning from and after December 31, 2021 through December 31, 2022.

~~D.~~ E. For the purposes of computing income tax pursuant to this title, for taxable years beginning from and after December 31, 2020 through December 31, 2021, "internal revenue code" means the United States internal revenue code of 1986, as amended, in effect on March 11, 2021, including those provisions that became effective during 2020 with the specific adoption of all retroactive effective dates and including those provisions of the PPP extension act of 2021 (P.L. 117-6) and the infrastructure investment and jobs act (P.L. 117-58) that are retroactively effective during taxable years beginning from and after December 31, 2020 through December 31, 2021.

~~E.~~ F. For the purposes of computing income tax pursuant to this title, for taxable years beginning from and after December 31, 2019 through December 31, 2020, "internal revenue code" means the United States internal revenue code of 1986, as amended, in effect on January 1, 2020, including those provisions that became effective during 2019 with the specific adoption of all retroactive effective dates, and including those provisions of the families first coronavirus response act (P.L. 116-127), the coronavirus aid, relief, and economic security act (P.L. 116-136), the paycheck protection program flexibility act of 2020 (P.L. 116-142), the consolidated appropriations act, 2021 (P.L. 116-260) and the American rescue plan act of 2021 (P.L. 117-2) that are retroactively effective during taxable years beginning from and after December 31, 2019 through December 31, 2020.

~~F.~~ G. For the purposes of computing income tax pursuant to this title, for taxable years beginning from and after December 31, 2018 through December 31, 2019, "internal revenue code" means the United States internal revenue code of 1986, as amended, in effect on January 1, 2019, including those provisions that became effective during 2018 with the specific adoption of all retroactive effective dates, and including those provisions of the taxpayer first act (P.L. 116-25), the further consolidated appropriations act, 2020 (P.L. 116-94), the coronavirus aid, relief, and economic security act (P.L. 116-136) and the consolidated appropriations act, 2021 (P.L. 116-260) that are retroactively effective during taxable years beginning from and after December 31, 2018 through December 31, 2019.

~~G.~~ H. For the purposes of computing income tax pursuant to this title, for taxable years beginning from and after December 31, 2017 through December 31, 2018, "internal revenue code" means the United States internal revenue code of 1986, as amended, in effect on January 1, 2018, including those provisions that became effective during 2017 with the specific adoption of all retroactive effective dates, and including those provisions of the bipartisan budget act of 2018 (P.L. 115-123), the consolidated appropriations act, 2018 (P.L. 115-141), the further consolidated appropriations act, 2020 (P.L. 116-94), the coronavirus aid, relief, and economic security act (P.L. 116-136) and the consolidated appropriations act, 2021 (P.L. 116-260) that are retroactively effective during taxable years beginning from and after December 31, 2017 through December 31, 2018.

~~H.~~ I. For the purposes of computing income tax pursuant to this title, for taxable years beginning from and after December 31, 2016 through December 31, 2017, "internal revenue code" means the United States internal revenue code of 1986, as amended, in effect on January 1, 2017, including those provisions that became effective during 2016 with the specific adoption of all federal retroactive effective dates, and including those provisions of the disaster tax relief and airport and airway extension act of 2017 (P.L. 115-63), the tax cuts and jobs act (P.L. 115-97), the bipartisan budget act of 2018 (P.L. 115-123), the consolidated appropriations act, 2018 (P.L. 115-141), the further consolidated appropriations act, 2020 (P.L. 116-94) and the coronavirus aid, relief, and economic security act (P.L. 116-136) that are retroactively effective during taxable years beginning from and after December 31, 2016 through December 31, 2017.

~~I.~~ J. For the purposes of computing income tax pursuant to this title, for taxable years beginning from and after December 31, 2015 through December 31, 2016, "internal revenue code" means the United States internal revenue code of 1986, as amended, in effect on January 1, 2016, including those provisions that became effective during 2015 with the specific adoption of all federal retroactive effective dates, and including those provisions of the United States appreciation for olympians and paralympians act of 2016 (P.L. 114-239), the tax cuts and jobs act (P.L. 115-97), the consolidated appropriations act, 2018 (P.L. 115-141), the further consolidated appropriations act, 2020 (P.L. 116-94) and the coronavirus aid, relief, and economic security act (P.L. 116-136) that are retroactively effective during taxable years beginning from and after December 31, 2015 through December 31, 2016.

~~J.~~ K. For the purposes of computing income tax pursuant to this title, for taxable years beginning from and after December 31, 2014 through December 31, 2015, "internal revenue code" means the United States internal revenue code of 1986, as amended, in effect on January 1, 2015, including those provisions that became effective during 2014 with the specific adoption of all federal retroactive effective dates, and including those provisions of the slain officer family support act of 2015 (P.L. 114-7), the don't tax our fallen public safety heroes act (P.L. 114-14), the surface transportation and veterans health care choice improvement act of 2015 (P.L. 114-41), the consolidated appropriations act, 2016 (P.L. 114-113), the consolidated appropriations act, 2018 (P.L. 115-141) and the coronavirus aid, relief, and economic security act (P.L. 116-136) that are retroactively effective during taxable years beginning from and after December 31, 2014 through December 31, 2015.

~~K. For the purposes of computing income tax pursuant to this title, for taxable years beginning from and after December 31, 2013 through December 31, 2014, "internal revenue code" means the United States internal revenue code of 1986, as amended, in effect on January 1, 2014, including those provisions that became effective during 2013 with the specific adoption of all federal retroactive effective dates, and including those provisions of the Philippines charitable giving assistance act (P.L. 113-92), the Gabriella Miller kids first research act (P.L. 113-94), the cooperative and small employer charity pension flexibility act (P.L. 113-97), the highway and transportation funding act of 2014 (P.L. 113-159), the tribal general welfare exclusion act of 2014 (P.L. 113-168), the consolidated and further continuing appropriations act, 2015 (P.L. 113-235), the 2014 airline bankruptcy payments rollover act (P.L. 113-243), the tax increase prevention act of 2014 (P.L. 113-295), the slain officer family support act of 2015 (P.L. 114-7), the consolidated appropriations act, 2016 (P.L. 114-113) and the coronavirus aid, relief, and economic security act (P.L. 116-136) that are retroactively effective during taxable years beginning from and after December 31, 2013 through December 31, 2014.~~

APPROVED BY THE GOVERNOR FEBRUARY 28, 2025.

FILED IN THE OFFICE OF THE SECRETARY OF STATE FEBRUARY 28, 2025.