

Governor Ducey Signs Income Tax Conformity Legislation into Law

April 2021

Governor Doug Ducey signed **SB 1752 (conformity; internal revenue code)** into law on Apr. 14, 2021. The bill conforms Arizona's tax code to the U.S. Internal Revenue Code (IRC) in effect as of Mar. 11, 2021.

On Monday, Apr. 12, the House announced the suspension of rules to allow for introduction of a strike-everything amendment. On Tuesday Apr. 13, the House Appropriations Committee passed the legislation 13-0. The full House then passed the bill 60-0 later that same day.

The Senate concurred on the amendment adopted in the House and passed the bill in Final Read 30-0 on Apr. 14. The Governor signed it later that evening.

Senate Bill 1752 (conformity; internal revenue code) incorporates the provisions enacted by Congress in 2020 and up to Mar. 11, 2021.

With SB 1752 enacted, Arizona conforms to the provisions of the Families First Coronavirus Response Act, the Paycheck Protection Program Flexibility Act, The Coronavirus Aid, Relief and Economic Security Act, the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021.

Arizona conforms to:

- ✓ Nontaxability of forgiven PPP loans
- ✓ Deductibility of expenses paid for using PPP loans
- ✓ Temporary waiver for required minimum distribution rules for certain retirement plans
- ✓ Nontaxability of first \$10,200 of unemployment compensation for taxpayers with less than \$150,000 adjusted gross income
- ✓ Temporary allowing of net operating loss (NOL) carrybacks of up to five years for tax years 2020, 2019 and 2018
- ✓ Temporary allowance for full deduction of business meals
- ✓ Extension of exclusion for certain employer payments of student loans
- ✓ Spreading taxability of COVID-19 related retirement withdrawals over three years