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2 An act relating to the corporate income tax;
3 amending s. 220.03, F.S.; updating references
4 to the United States Internal Revenue Code for
5 purposes of the corporate income tax; amending
6 s. 220.02, F.S.; providing legislative intent
7 regarding taxation of a "qualified subchapter S
8 subsidiary;" amending s. 220.22, F.S.;
9 requiring certain returns; providing for
10 retroactive effect; providing an effective
11 date.

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13 Be It Enacted by the Legislature of the State of Florida:

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15 Section 1. Paragraph (n) of subsection (1) and
16 subsection (2) of section 220.03, Florida Statutes, are
17 amended to read:

18 220.03 Definitions.--

19 (1) SPECIFIC TERMS.--When used in this code, and when
20 not otherwise distinctly expressed or manifestly incompatible
21 with the intent thereof, the following terms shall have the
22 following meanings:

23 (n) "Internal Revenue Code" means the United States
24 Internal Revenue Code of 1986, as amended and in effect on
25 January 1, 1998 ~~1997~~, except as provided in subsection (3).

26 (2) DEFINITIONAL RULES.--When used in this code and
27 neither otherwise distinctly expressed nor manifestly
28 incompatible with the intent thereof:

29 (a) The word "corporation" or "taxpayer" shall be
30 deemed to include the words "and its successors and assigns"
31 as if these words, or words of similar import, were expressed;

1 (b) Any term used in any section of this code with
2 respect to the application of, or in connection with, the
3 provisions of any other section of this code shall have the
4 same meaning as in such other section; and

5 (c) Any term used in this code shall have the same
6 meaning as when used in a comparable context in the Internal
7 Revenue Code and other statutes of the United States relating
8 to federal income taxes, as such code and statutes are in
9 effect on January 1, 1998 ~~1997~~. However, if subsection (3) is
10 implemented, the meaning of any term shall be taken at the
11 time the term is applied under this code.

12 Section 2. Subsection (11) is added to section 220.02,
13 Florida Statutes, to read:

14 220.02 Legislative intent.--

15 (11) Notwithstanding any other provision in this
16 chapter, it is the intent of the Legislature that, except as
17 otherwise provided under the Internal Revenue Code, for
18 purposes of this chapter a "qualified subchapter S
19 subsidiary," as that term is defined in s. 1361(b)(3) of the
20 Internal Revenue Code, shall not be treated as a separate
21 corporation or entity from the S corporation parent to which
22 the subsidiary's assets, liabilities, income, deductions, and
23 credits are attributed under s. 1361(b)(3) thereof.

24 Section 3. Subsection (4) is added to section 220.22,
25 Florida Statutes, to read:

26 220.22 Returns; filing requirement.--

27 (4) For the year in which an election is made pursuant
28 to s. 1361(b)(3) of the Internal Revenue Code, the qualified
29 subchapter S subsidiary shall file an informational return
30 with the department, which return shall be restricted to
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1 information identifying the subsidiary, the electing S
2 corporation parent, and the effective date of the election.

3 Section 4. The provisions of sections 2 and 3 are
4 intended to clarify the intent of the Legislature under
5 existing law and are effective with respect to tax years
6 beginning on or after January 1, 1997; however, no penalty
7 shall be assessed for failure to file the information return
8 required by section 3 if the return would have been due on or
9 before the date this enactment becomes law.

10 Section 5. This act shall take effect upon becoming a
11 law and, except as otherwise provided, shall operate
12 retroactively to January 1, 1998.

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