CHAPTER 829

ACCOUNTING PERIODS AND METHODS OF ACCOUNTING

§5256. Period for computation of taxable income

1. General. For purposes of the tax imposed by this Part, a taxpayer's taxable year is the same as the taxpayer's taxable year for federal income tax purposes.
[PL 1995, c. 281, §32 (AMD); PL 1995, c. 281, §43 (AFF).]

2. Change of taxable year. If a taxpayer's taxable year is changed for federal income tax purposes, the taxable year for purposes of the tax imposed by this Part must be similarly changed. The income tax for a period of less than 12 months resulting from a change in accounting period is computed by first determining the taxable income for the period. That taxable income is then multiplied by 12 and divided by the number of months in the period of less than 12 months. A tax is computed on the resulting taxable income. The tax is then divided by 12 and multiplied by the number of months in the period of less than 12 months. The result is the tax liability before credits. Exemption amounts are divided by 12 and multiplied by the number of months in the period of less than 12 months.
[PL 1995, c. 281, §33 (AMD); PL 1995, c. 281, §43 (AFF).]

3. Termination of taxable year for jeopardy. Notwithstanding subsections 1 and 2, if the assessor makes a determination of jeopardy and terminates the taxpayer's taxable year under section 145, the tax must be computed for the period determined by that action.
[PL 2007, c. 627, §94 (AMD).]

SECTION HISTORY

P&SL 1969, c. 154, §F1 (NEW). PL 1981, c. 698, §188 (AMD). PL 1989, c. 508, §22 (AMD). PL 1989, c. 596, §J6 (AMD). PL 1995, c. 281, §§32,33 (AMD). PL 1995, c. 281, §43 (AFF). PL 2007, c. 627, §94 (AMD).

§5257. Methods of accounting

1. Same as federal. For purposes of the tax imposed by this Part, a taxpayer's method of accounting must be the same as that taxpayer's method of accounting for federal income tax purposes. If no method of accounting has been regularly used by the taxpayer, taxable income for purposes of this Part must be computed under a method that in the opinion of the assessor fairly reflects income.
[RR 2025, c. 1, Pt. F, §29 (COR).]

2. Change of accounting methods. If a taxpayer's method of accounting is changed for federal income tax purposes, that taxpayer's method of accounting for purposes of this Part must similarly be changed.
[RR 2025, c. 1, Pt. F, §29 (COR).]

SECTION HISTORY

P&SL 1969, c. 154, §F/§1 (NEW). RR 2025, c. 1, Pt. F, §29 (COR).

§5258. Adjustments

In computing a taxpayer's taxable income for any taxable year under a method of accounting different from the method under which the taxpayer's taxable income for the previous year was computed, there shall be taken into account those adjustments which are determined, under regulations prescribed by the assessor, to be necessary solely by reason of the change in order to prevent amounts from being duplicated or omitted. [P&SL 1969, c. 154, §F/§1 (NEW).]

SECTION HISTORY

P&SL 1969, c. 154, §F/§1 (NEW).

§5259. Limitation on additional tax

1. Change other than to installment method. If a taxpayer's method of accounting is changed, other than from an accrual to an installment method, any additional tax which results from adjustments determined to be necessary solely by reason of the change shall not be greater than if such adjustments were ratably allocated and included for the taxable year of the change and the preceding taxable years, not in excess of 2, during which the taxpayer used the method of accounting from which the change is made.
[PL 1979, c. 541, Pt. A, §245 (AMD).]

2. Change from accrual to installment method. If a taxpayer's method of accounting is changed from an accrual to an installment method, any additional tax for the year of such change of method and for any subsequent year which is attributable to the receipt of installment payments properly accrued in a prior year, shall be reduced by the portion of tax for any prior taxable year attributable to the accrual of such installment payments, under regulations prescribed by the assessor.
[P&SL 1969, c. 154, §F/§1 (NEW).]

SECTION HISTORY

P&SL 1969, c. 154, §F/§1 (NEW). PL 1979, c. 541, §A245 (AMD).

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