

APA-1

Transmittal Sheet For Notice Of Intended Action

Control: 810

Department or Agency: Revenue

Rule Nos: 810-3-38-.01

Rule Title: Additional Deductions Allowed for Corporations

New; Amended; Repealed; Adopt by Reference

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety? No

Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare? Yes

Is there another, less restrictive method of regulation available that could adequately protect the public? No

Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved and, if so, to what degree? No

Is the increase in cost, if any, more harmful to the public than the harm that result from the absence of the proposed rule? N/A

Are all the facets of the rulemaking process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public? Yes

Does the proposed rule have any economic impact? No

If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of Section 41-22-23, Code of Alabama 1975.

Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Chapter 22, Title 41, Code of Alabama 1975 and that it conforms to all applicable filing requirements of the Administrative Procedure Division of the Legislative Reference Service.

Signature of certifying officer
Date 08/21/2017



Michael D. Gombel

APA-6
10/96

**ECONOMIC IMPACT STATEMENT
FOR APA RULE
(Section 41-22-23(f))**

Control No. 810 Department or Agency REVENUE

Rule No: 810-3-38-.01

Rule Title: Additional Deductions Allowed for Corporations

 New Amend X Repeal Adopt by Reference

NO
 YES

This rule has no economic impact.

This rule has an economic impact, as explained below:

1. NEED/EXPECTED BENEFIT OF RULE:
2. COSTS/BENEFITS OF RULE AND WHY RULE IS THE MOST EFFECTIVE, EFFICIENT, AND FEASIBLE MEANS FOR ALLOCATING RESOURCES AND ACHIEVING THE STATED PURPOSE:
3. EFFECT OF THIS RULE ON COMPETITION:
4. EFFECT OF THIS RULE ON COST OF LIVING AND DOING BUSINESS IN THE GEOGRAPHICAL AREA WHERE THE RULE IS TO BE IMPLEMENTED:
5. EFFECT OF THIS RULE ON EMPLOYMENT IN THE GEOGRAPHICAL AREA HERE THE RULE IS TO BE IMPLEMENTED:
6. SOURCE OF REVENUE TO BE USED FOR IMPLEMENTING AND ENFORCING THIS RULE:
7. THE SHORT-TERM/LONG-TERM ECONOMIC IMPACT OF THIS RULE ON AFFECTED PERSONS, INCLUDING ANALYSIS OF PERSONS WHO WILL BEAR THE COSTS AND THOSE WHO WILL BENEFIT FROM THE RULE:
8. UNCERTAINTIES ASSOCIATED WITH THE ESTIMATED BENEFITS AND

**BURDENS OF THE RULE, INCLUDING QUALITATIVE/QUANTITATIVE
BENEFITS AND BURDEN COMPARISON:**

9. **THE EFFECT OF THIS RULE ON THE ENVIRONMENT AND PUBLIC
HEALTH:**

10. **DETRIMENTAL EFFECT ON THE ENVIRONMENT AND PUBLIC HEALTH
IF THE RULE IS NOT IMPLEMENTED:**

11. **OTHER COMMENTS:**

ALABAMA DEPARTMENT OF REVENUE
Individual and Corporate Tax

NOTICE OF INTENDED ACTION

RULE NO. & TITLE

810-3-32-.01.01	Political Organizations
810-3-32-.03	Unrelated Business Taxable Income
810-3-38-.01	Additional Deductions Allowed for Corporations
810-3-39-.04	Incentive Rules for Alabama Affiliated Groups Filing
810-3-39-.06	Mechanics of Consolidated Filing

INTENDED ACTION

Repealed; Repealed; Repealed; Repealed; Repealed

SUBSTANCE OF PROPOSED ACTION:

The department proposes to repeal the above mentioned rules because during reviewal of the rule required by the Red Tape Reduction Act they were determined to be superfluous to the Alabama statute.

RULE NO. & TITLE

810-3-17-.01	Items Not Deductible
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INTENDED ACTION

Amended

SUBSTANCE OF PROPOSED ACTION:

The department proposes to amend the above mentioned rule to include items that are now deductible and to add clarification on others that are not deductible.

RULE NO. & TITLE

810-3-32-.02	Proof of Exemption
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INTENDED ACTION

Amended

SUBSTANCE OF PROPOSED ACTION:

The department proposes to amend the above mentioned rule, because during the reviewal required by the Red Tape Reduction Act, it was determined that within the rule there is a reference to 810-3-32-.03 which is being recommended for repeal.

RULE NO. & TITLE

810-3-39-.02	Extension of Time for Filing a Corporation Return
810-3-39-.05	Taxable Years Following an Election Period for an Alabama Affiliated Group.
810-3-71-.01	Employers Required to Withhold Tax from Wages
810-3-71-.02	Computing Tax Withheld
810-3-72-.01	Included and Excluded Wages
810-3-75-.01	Withholding Statement Furnished Employees
810-3-75-.02	Extensions Of Time for Filing Reports Under Withholding Tax Laws

INTENDED ACTION Amended; Amended; Amended; Amended; Amended; Amended; Amended

SUBSTANCE OF PROPOSED ACTION: The department proposes to amend the above mentioned rule to comply with the Red Tape Reduction Act 2013-88 consisting of non technical clarifications.

RULE NO. & TITLE
810-9-1-.05 Apportionment and Allocation of Net Income of Financial Institutions

INTENDED ACTION Amended

SUBSTANCE OF PROPOSED ACTION: The department proposes to amend the above mentioned rule pursuant to Alabama Act 2017-165 that requires multi-state financial institutions to include loans and credit card receivables in the calculation of their Alabama property factor, which will be sourced consistent with the interest receipts associated with such loans.

RULE NO. & TITLE
810-3-39-.03 Consolidated Filing

INTENDED ACTION New, Repealed

SUBSTANCE OF PROPOSED ACTION: The department proposes to repeal and create a new rule as required by the Red Tape Reduction Act. Proposed repealed rule has been deemed outdated due to changes to Alabama statute. Therefore, a new updated rule is also proposed.


TIME, PLACE, MANNER OF PRESENTING VIEWS: A public hearing will be held at **02:30 PM on Tuesday, October 10, 2017, Room 1203, First Floor**, Gordon Persons Building, located at 50 N Ripley Street, Montgomery, Alabama. Copies of the rule(s) can be obtained at <http://www.revenue.alabama.gov/analysis/rules.cfm>.

All interested parties may present their views in writing to the **Secretary of the Alabama Department of Revenue, Room 4131, Gordon Persons Building, 50 N Ripley Street, Montgomery, Alabama 36132** at any time following publication of the notice up until the conclusion of the hearing. Interested parties may also appear at the hearing to present their views.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:
Tuesday, October 10, 2017

CONTACT PERSON AT AGENCY:
Meagan Barrett

Alabama Department of Revenue
4131 Gordon Persons Building


Michael D. Gamble, Secretary
Alabama Department of Revenue

(1) In computing the amount of tax imposed by Section 40-18-31, there shall be allowed the following deductions:

(a) Interest received which is included in gross income under Section 40-18-34, upon;

1. obligations of the United States, and
2. bonds issued by the war finance corporation.

(b) Dividends received (subject to the limitations in subpart 4. below) from;

1. National banks, or
2. National banking associations, or
3. Corporations which are;

(i) engaged in the business of banking, and

(ii) conducting a financial business employing moneyed capital coming into competition with the business of national banks.

4. The deduction is allowed only during and for the periods during which;

(i) such national banks, corporations, individuals and partnerships are subject to an excise tax imposed by this state, or

(ii) the dividends received are paid by such corporations out of income subject to an excise tax imposed by this state.

(c) The amount of any aid or assistance, whether in the form of property, services or monies, provided to the State Industrial Development Authority (Authority) pursuant to Section 41-10-44.8(d).

1. The amount of aid or assistance provided shall be deducted in the year contributed to the Authority.

2. The deduction for property or services provided shall be the fair and reasonable value of the property or services as determined by the Authority.

3. Any portion of aid or assistance returned pursuant to Section 41-10-44.8(d), shall be included in income in the year in which the refund of the aid or assistance is made.

Author: Jeff Taylor
Income Tax Division
Authority: §40-18-38 and Act 93-852
History: Filed with LRS May 13, 1994. Certification filed with LRS August 26, 1994,
effective date September 30, 1994.