

APA-1

Transmittal Sheet For Notice Of Intended Action

Control: 810

Department or Agency: Revenue

Rule Nos: 810-3-39-.10

Rule Title: Requirements for Electronic Filing Software - Corporate Tax Returns

New; Amended; Repealed; Adopt by Reference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 Services Agency.



Signature of certifying officer
Date 12/19/2017

APA-6
10/96

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

Control No. 810 Department or Agency REVENUE

Rule No: 810-3-39-.10

Rule Title: Requirements for Electronic Filing Software - Corporate Tax Returns

New Amend Repeal Adopt by Reference



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

810-2-8-.06

Extension of Time for Filing of Business Privilege Tax Returns

INTENDED ACTION

New, Repeal

**SUBSTANCE OF
PROPOSED ACTION:**

The department proposes to comply with Act 2017-363 (HB46) that amended Code Sections 40-14A-22 and 40-14A-25 to make the due dates of returns for Business Privilege Tax and Financial Institutions Excise Tax coincide with the corresponding federal due dates,

RULE NO. & TITLE

810-3-29-.05

810-3-39-.10

Requirements for Electronic Filing Software - Fiduciary Tax Returns

Requirements for Electronic Filing Software - Corporate Tax Returns

INTENDED ACTION

New, Repeal

**SUBSTANCE OF
PROPOSED ACTION:**

The department proposes to update the above mentioned rules in compliance with the Red Tape Reduction Act 2013-088. This rule concerns the electronic filing program requirements for software developers. The new rule replaces outdated verbiage and lays out guidelines which must be followed to successfully participate in the program from acceptance to revocation.

RULE NO. & TITLE

810-3-39-.13

Alabama Requirements for Compliance with Administrative Rule
810-3-39-.12

INTENDED ACTION

New, Repeal

**SUBSTANCE OF
PROPOSED ACTION:**

The department proposes to To repeal and replace the above mentioned rule in order to maintain consistency and uniformity throughout all MEF rules. The original rule which is being repealed has duplicate language included in Rule 810-3-39-.11. The new proposed rule contains the requirements for an electronic Corporate Income Tax Return.

TIME, PLACE, MANNER OF PRESENTING VIEWS: A public hearing will be held at **01:30 PM on Tuesday, February 13, 2018, 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/tax-policy/>.

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, February 13, 2018

CONTACT PERSON AT AGENCY:

Meagan Barrett

Alabama Department of Revenue
4131 Gordon Persons Building
Montgomery, Alabama 36132
(334) 242-1380



Michael D. Gamble, Secretary
Alabama Department of Revenue

810-3-39-.10 Requirements for Electronic Filing Software - Corporate Tax Returns.
(REPEAL)

(1) SCOPE – This regulation explains the requirements for software vendors to obtain approval to provide software that allows corporate tax returns to be electronically filed through the Alabama Business Modernized E-File program.

(2) XML Schemas (record layouts), specifications and business rules for a complete Alabama electronic corporate income tax return are issued annually by the Department. In addition, the ADOR annually releases the Alabama Business Modernized E-file Program: Software Developers and Transmitters Guidelines (Publication AL4164) which provides supplemental information pertinent to electronic return development.

(3) Software developers are required to obtain prior approval from the Department by submitting for testing sample Alabama electronic corporate income tax returns prepared by and transmitted by their software products during the testing time period provided by the ADOR.

(4) Software developers are required to complete the Business MeF Software Intent to Participate and Agreement on an annual basis.

(5) Software developer testing will occur in conjunction with IRS testing in accordance with IRS. Publication 5078, Modernized e-File (MeF) Test Package.

(6) Alabama electronic corporate income tax returns received by the Department which are prepared by software which has not completed the Department's software developer testing and which has not been approved by the Department will be rejected by the Department. Paper Alabama corporate income tax returns must then be submitted by the taxpayers; however, the taxpayer may electronically file their tax return using an approved software from another software vendor.

Author: Kathleen F. Campbell and Melissa Gillis
Authority: Sections 40-2A-7(a)(5) and 40-30-5, Code of Alabama 1975
History: New Rule: Filed February 13, 2006, effective March 20, 2006.
Amended: Filed January 17, 2013, effective February 21, 2013.
Amended: Filed April 4, 2014, effective May 9, 2014.

810-3-39-.10 Acceptance, Monitoring, and Revocation of Acceptance into the Alabama Business Modernized E-File Program for Software Developers – Corporate Income Tax.
(NEW RULE)

(1) SCOPE – This rule explains the requirements for software developers to obtain and sustain active approval to provide software that allows Corporate Income Tax returns to be electronically filed through the Alabama Business Modernized E-File program.

(2) Software developers must be approved on an annual basis and maintain good standing with the Department. The Department has the right to deny any applicant's acceptance into the Alabama Business Modernized E-File Program. To obtain approval software developers must adhere to the following guidelines.

(a) Be accepted by and in good standing with the Internal Revenue Service (IRS) Electronic Filing Program.

(b) Have satisfactorily completed the Department's software developer suitability approval process.

(c) Have an approved Letter of Intent, with original officer signature, on file with the Department.

(d) Have satisfactorily completed the Business Acceptance Testing System (BATS) with the Department.

(3) XML Schemas (record layouts), specifications and business rules for a complete Alabama electronic Corporate Income Tax return are issued annually by the Department. In addition, the ADOR annually releases the Alabama Business Modernized E-file Program: Handbook for Software Developers and Transmitters (Publication AL4164) which provides supplemental information pertinent to electronic return development.

(4) Software developer testing will occur in conjunction with IRS testing in accordance with Alabama Business MeF Test Package (Publication AL4162).

(5) Alabama electronic Corporate Income Tax returns received by the Department which are prepared by a software developer which has not completed the Department's software developer testing and which has not been approved by the Department will be rejected by the Department. Paper Alabama Corporate Income Tax returns must then be submitted by the taxpayer or the taxpayer may electronically file the tax return using an approved software from another software developer.

(6) The Department will conduct random monitoring visits with software developers to verify that the requirements of the Alabama Electronic Filing Program are being met.

(7) The Department reserves the right to request a copy of the most current copy of the software product that is utilized in production.

(8) The Department reserves the right to revoke the acceptance of a software developer for cause. Failure to comply with the guidelines set forth in the Alabama Business Modernized E-file Program: Handbook for Software Developers and Transmitters (Publication AL4164) is considered cause.

(9) Any of the following can result in the revocation of a software developer's acceptance into the Alabama Business Modernized E-File Program:

(a) Conviction of a criminal offense under the revenue laws of any state or of any offense involving dishonesty or breach of trust.

(b) Failure to file timely and accurate personal tax returns or business tax returns.

(c) Failure to pay personal tax liabilities or business tax liabilities.

(d) Failure or refusal to effect corrective action as required by the Department.

(e) Other facts or conduct of a disreputable nature that would reflect adversely on the Alabama Business Modernized E-File Program.

(g) Unethical practices in return preparation.

(g) Suspension by IRS.

(h) Prior year submission error rate of 70% or greater.

(i) Failure to comply with any of the items listed in section 2 of this rule.

Author: Kathleen F. Campbell, Melissa A. Gillis, and Michaelyn N. Adams.
Authority: Sections 40-2A-7(a)(5) and 40-30-5, Code of Alabama 1975.
History: New Rule: