

Transmittal Sheet For Notice Of Intended Action

Control: 810

Department or Agency: Revenue

Rule Nos: 810-3-61-.09

Rule Title: Estimated Tax Penalty to Individuals and Corporations Entitled to Claim Certain Credits against Amount of Income Tax Due

New; Amended; Repealed; Adopt by Reference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 relate to or effect any matter of litigation which the agency is a party to concerning the subject matter of the proposed rule? No

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 05/21/2018

APA-6
10/96

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

Control No. 810 Department or Agency REVENUE

Rule No: 810-3-61-.09

Rule Title: Estimated Tax Penalty to Individuals and Corporations Entitled to Claim
Certain Credits against the Amount of Income Tax Due

New Amend 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
Tax Policy and Governmental Affairs**

NOTICE OF INTENDED ACTION

RULE NO. & TITLE

810-14-1-.24 Proper Time to File a Tax Lien.

INTENDED ACTION

New

**SUBSTANCE OF
PROPOSED ACTION:**

The department proposes to issue a rule to provide guidance as to the proper time to file a tax lien by the Department of Revenue.

RULE NO. & TITLE

810-3-61-.09 Estimated Tax Penalty to Individuals and Corporations Entitled to Claim Certain Credits against the Amount of Income Tax Due

INTENDED ACTION

New

**SUBSTANCE OF
PROPOSED ACTION:**

The department proposes to to adopt a new rule to provide guidance relating to the application of estimated tax penalties when allowable credits equal or exceed the total amount of estimated tax payments.

TIME, PLACE, MANNER OF PRESENTING VIEWS: A public hearing will be held at **02:00 PM on Tuesday, July 10, 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, July 10, 2018

CONTACT PERSON AT AGENCY:

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



Michael D. Gamble, Secretary
Alabama Department of Revenue

810-3-61-.09 Estimated Tax Penalty to Individuals and Corporations Entitled to Claim Certain Credits against the Amount of Income Tax Due (New)

(1) **Definitions.** The following terms have the meanings ascribed to them for purposes of this rule:

(a) **Estimated Tax** - The Estimated Income Tax payments required pursuant to §§ 40-18-80 and 40-18-80.1, Code of Ala. 1975.

(b) **Estimated Tax Penalty** - The amounts to be added to the tax as a result of the underpayment of Estimated Taxes as prescribed by 26 U.S.C. §§ 6654 and 6655.

(c) **Allowable Credits** - The credits against the Income Tax liability of an individual or corporate taxpayer attributable to payments made by the taxpayer, when such payments are required to be reported to the department by the taxpayer at the time of payment and verified to the department by the recipient as required pursuant to §16-6D-9.

(2) **Procedure.** No Estimated Tax Penalty shall be added (or if added shall be reversed) to the Income Tax liability of an individual or corporate income taxpayer for any quarter when the amount of estimated tax payments made to the department by the quarterly due date as required, plus the amount of allowable credits generated for the quarter equal or exceed the total amount of estimated tax payments otherwise required to be made for the quarter, if the following conditions are satisfied:

(a) The allowable credits do not exceed 50% of the required estimated tax payments otherwise due;

(b) The allowable credits are attributable to payments made no later than the due date of the required estimated tax payments; and

(c) The Scholarship Granting Organization has verified receipt of the payments as required pursuant to §16-6D-9.

Author: Meagan Barrett.
Authority: §§ 16-6D-9, 40-2A-7(a)(5), 40-18-80, and 40-18-80.1, Code of Ala. 1975; 26 U.S.C. §§6654 and 6655.
History: Adopted: Filed May 22, 2018; effective