

APA-1
11/96

TRANSMITTAL SHEET FOR
NOTICE OF INTENDED ACTION

Control 810 Department or Agency REVENUE

Rule Nos. 810-3-26-02

Rule Title: Voluntary Withholding of Alabama Income Tax from Nonwage Payments

New; Amend; Repeal; 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 might result from the absence of the proposed rule?

N/A

Are all 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 11/17/15

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

Control No. 810 Department or Agency REVENUE

Rule No: 810-3-26-.02

Rule Title: Voluntary Withholding of Alabama Income Tax from Nonwage Payments

 New X 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:**

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**ALABAMA DEPARTMENT OF REVENUE
Individual & Corporate Tax Division**

NOTICE OF INTENDED ACTION

RULE NO. & TITLE

810-3-26-.01 Information Returns

INTENDED ACTION: Amend rule

SUBSTANCE OF PROPOSED ACTION: The department proposes to amend the above rule to remove obsolete "Form" references.

RULE NO. & TITLE

810-3-26-.02 Voluntary Withholding of Alabama Income Tax from Nonwage
Payments

INTENDED ACTION: Amend rule

SUBSTANCE OF PROPOSED ACTION: The department proposes to amend the above rule to reflect the correct due date for filing the Annual Reconciliation of Income Tax Withheld. The date has been changed from the last day of February to the last day of January.

RULE NO. & TITLE

810-9-1-.05 Apportionment and Allocation of Net Income of Financial
Institutions

INTENDED ACTION: Amend rule

SUBSTANCE OF PROPOSED ACTION: The department proposes to amend the above rule to comply with the latest MTC Model Statute for the Apportionment and Allocation of Net Income of Financial Institutions.

TIME, PLACE, MANNER OF PRESENTING VIEWS: A public hearing will be held at 1:30 p.m. on Wednesday, January 13, 2016, 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://revenue.alabama.gov/analysis/upcoming-rule-hearings.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 during the thirty-five (35) day period following publication of the notice or by appearing at the hearing.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:
Wednesday, January 13, 2016

CONTACT PERSON AT AGENCY:

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



Michael D. Gamble, Secretary
Alabama Department of Revenue

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810-3-26-.02 Voluntary Withholding of Alabama Income Tax from Nonwage Payments.

(1) Alabama income tax is not required to be withheld from distributions from a retirement or pension plan, interest payments or other nonwage payments. However, voluntary withholding of Alabama income tax is permissible. If a payer of nonwage payments voluntarily withholds Alabama income tax, the following procedures must be followed:

(a) Payments of amounts withheld must be remitted to the Department in the same manner and at the same time as described in §40-18-74, Code of Alabama 1975.

(b) On or before January 31 of the year following a nonwage payment from which Alabama income tax was withheld, the payer shall issue the recipient a statement showing the following information:

1. Year of payment.
2. Amount of payment.
3. Amount of Alabama income tax withheld.
4. Amount of federal income tax withheld.
5. Name and address of recipient.
6. Social security number of recipient.
7. Payer's name, address, and Alabama withholding tax account number.
8. Payer's federal employer identification number.

(2) See Rule 810-3-26-.01 for form requirements.

(3) On or before the last day of ~~January~~ February of the year following a nonwage payment from which Alabama income tax was withheld, the payer shall file with the Department a copy of the statement described in the above paragraph (1)(b). Such statement must be accompanied by Form A-3, Annual Reconciliation of Alabama Income Tax Withheld. This statement must be filed in the same manner as described in §40-18-75.

Authors: ~~Ewell Berry and Ann F. Winborne, CPA~~ Neal Hearn

Authority: §§40-2A-7(a)(5), 40-18-26, and 40-18-75, Code of Alabama 1975

History: New rule filed July 26, 1999, effective August 30, 1999.