

APA-1

### Transmittal Sheet For Notice Of Intended Action

Control: 810

Department or Agency: Revenue

Rule Nos: 810-3-27-.07

Rule Title: Requirements for Electronic Filing Software

New;  Amended;  Repealed;  Adopt by Reference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 10/20/2017

APA-6  
10/96

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

Control No. 810 Department or Agency REVENUE

Rule No: 810-3-27-.07

Rule Title: Requirements for Electronic Filing Software

New  Amend  Repeal  Adopt by Reference

- NO This rule has no economic impact.  
 YES 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-.12	Requirements for the Alabama Electronic Business Privilege Tax Return.
810-3-27-.05	Requirements for the Alabama Electronic Individual Income Tax Return.
810-3-27-.07	Requirements for Electronic Filing Software.
810-3-28-.05	Requirements for Electronic Filing Software - Partnership/LLC Returns.

**INTENDED ACTION**

Repeal, New

**SUBSTANCE OF  
PROPOSED ACTION:  
RULE NO. & TITLE**

The department proposes to repeal and replace the above mentioned rules in order to comply with the Red Tape Reduction Act 2013-088.

810-3-27-.06	Requirements for the Individual Income Tax Declaration for Electronic Filing.
810-3-27-.08	Acceptance into the Alabama Electronic Filing Program, Monitoring, and Revocation of Acceptance into the Program.
810-3-28-.02	Participation in the Federal/State Electronic Filing Program - Partnership/LLC Returns of Income.
810-3-28-.03	Requirements For The Alabama Electronic Partnership/LLC Return Of Income.
810-3-28-.04	Requirements for the Partnership/LLC Return of Income Declaration for Electronic Filing.
810-3-28-.06	Acceptance Into The Alabama Electronic Filing Program, Monitoring, And Revocation Of Acceptance Into The Program.
810-3-28-.07	Alabama Requirements for Mandatory E-File of Original Partnership/Limited Liability Company Income Tax Returns.
810-3-29-.08	Alabama Requirements for Mandatory E-File of Fiduciary Income Tax Returns.
810-3-176-.01	Composite Returns of Alabama S Corporations.

**INTENDED ACTION**

Amend

**SUBSTANCE OF  
PROPOSED ACTION:**

The department proposes to amend the above mentioned rules in compliance of the Red Tape Reduction Act 2013-088. To add and remove applicable language.

**RULE NO. & TITLE**

810-3-28-.08	Alabama Requirements for Compliance with Administrative Rule 810-3-28-.07.
--------------	--

**INTENDED ACTION**

Repeal

**SUBSTANCE OF  
PROPOSED ACTION:**

The department proposes to repeal the above mentioned rules in compliance of the Red Tape Reduction Act 2013-088. The rules language is no longer

applicable.

**RULE NO. & TITLE**

810-3-28-.09

Requirements for the Alabama Electronic Partnership/LLC Return of Income Tax Return.

**INTENDED ACTION**

New

**SUBSTANCE OF  
PROPOSED ACTION:**

The department proposes to create the above mentioned rule to define the filing and payment requirements of an Alabama electronic partnership/LLC return of income.

**TIME, PLACE, MANNER OF PRESENTING VIEWS:** A public hearing will be held at **01:45 PM on Tuesday, December 12, 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/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, December 12, 2017

**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

810-3-27-.07

Requirements for Electronic Filing Software. (REPEALED)

(1) Record layouts and specifications for a complete Alabama electronic individual income tax return are issued annually by the Department in Electronic Return Record Layouts - Alabama Individual Income Tax Returns.

(2) Software developers are required to obtain prior approval from the Department by submitting for testing sample Alabama electronic individual income tax returns prepared by and transmitted by their software products.

(3) Software developer testing will occur in conjunction with IRS testing in accordance with IRS Publication 1436, Test Package for Electronic Filing of Individual Income Tax Returns.

(4) Alabama electronic individual 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 individual income tax returns must then be submitted by the taxpayers.

Author: Ed Cutter

Authority: Sections 40-2A-7(a)(5) and 40-30-5, Code of Alabama 1975

History: New rule filed April 23, 1998, effective date May 28, 1998.

810-3-27-.07 Acceptance, Monitoring, and Revocation of Acceptance into the Alabama Individual Modernized E-File Program for Software Developers – Individual Income Tax Returns. (NEW RULE)

(1) SCOPE – This rule explains the requirements for software developers to obtain and sustain active approval to provide software that allows individual income tax returns to be electronically filed through the Alabama Individual 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 an applicant acceptance into the Alabama Individual 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 Individual Acceptance Testing System (ATS) with the Department.

(3) XML Schemas (record layouts), specifications, and business rules for a complete Alabama electronic individual income tax return are issued annually by the Department. In addition, the Department annually releases the Alabama Individual Modernized E-file Program: Software Developers and Transmitters Guidelines (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 Publication AL4162, Alabama Individual MeF Test Package.

(5) Alabama electronic individual income tax returns received by the Department that are prepared by a software developer who has not completed the Department's software developer testing and has not been approved by the Department will be rejected by the Department. Paper Alabama individual 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 Individual Modernized E-file Program: Software Developers and Transmitters Guidelines and Schemas (Publication AL4164) is considered cause.

(9) Any of the following can result in the revocation of a software developer's acceptance into the Alabama Individual 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 tax returns, both personal and business.

(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 Individual Modernized E-File Program.

(f) 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: Tavares Mathews

Authority: Sections 40-2A-7(a)(5) and 40-30-6, Code of Alabama 1975.

History: