

**TRANSMITTAL SHEET FOR
NOTICE OF INTENDED ACTION**

Control 810 Department or Agency REVENUE

Rule Nos. 810-3-75-.01

Rule Title: Withholding Statement Furnished Employees

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

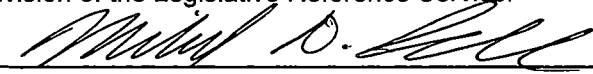
Are all facets of the rulemaking process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public? Yes

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 3/20/15

APA-6
10/96

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

Control No. 810 Department or Agency REVENUE

Rule No: 810-3-75-.01

Rule Title: Withholding Statement Furnished Employees

 New X 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:

APA-2
11/96

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

NOTICE OF INTENDED ACTION

RULE NO. & TITLE

810-3-75-.01 Withholding Statement Furnished Employees

INTENDED ACTION: Amend rule

SUBSTANCE OF PROPOSED ACTION: The department proposes to amend the above rule to remove obsolete language and add FEIN requirement on employee wage and tax statement.

RULE NO. & TITLE

810-3-75-.04 Voluntary Withholding

INTENDED ACTION: Amend rule

SUBSTANCE OF PROPOSED ACTION: The department proposes amend the above rule to remove obsolete verbiage and to provide that the new due date for the W2's is January rather than February.

RULE NO. & TITLE

810-3-75-.05 Third Party Reporting Requirements

INTENDED ACTION: Amend rule

SUBSTANCE OF PROPOSED ACTION: The department proposes to amend the above rule to provide that the new due date for W2's is January rather than February.

RULE NO. & TITLE

810-3-78-.01 Credit for Tax Withheld

INTENDED ACTION: Amend rule

SUBSTANCE OF PROPOSED ACTION: The department proposes to amend the above rule to remove obsolete references to Form A-2 and Form 99.

RULE NO. & TITLE

810-3-74-.01 Withholding Returns and Payments

INTENDED ACTION: Amend rule

SUBSTANCE OF PROPOSED ACTION: The purpose of this action is to clarify that employers making payments of \$750 or more to the Department must do so electronically and that employers electronically filing must submit their W2's electronically to the Department as well.

RULE NO. & TITLE

810-3-75-.03 Annual Returns of Withholding Tax Information

INTENDED ACTION: Amend rule

SUBSTANCE OF PROPOSED ACTION: The purpose of this action is to require employers who currently file withholding tax returns and payments electronically to also file their W2's electronically.

RULE NO. & TITLE

810-3-24.1-.01 Composite Returns of Subchapter K Entities

INTENDED ACTION: Repeal rule

SUBSTANCE OF PROPOSED ACTION: The purpose of this action is to repeal the above rule due to the fact that it was superseded by Rule 810-3-24.2-.01. The former rule was applicable when the filing of a composite return was optional for partnerships with Nonresident partners, and is no longer applicable because of law changes. The latter rule correctly reflects today's law regarding composite returns/payments. As outlined in Ala. Code Section 40-18-24.2, partnerships with nonresident partners are required to file a composite return and remit payment on the income that is distributed to such partners.

TIME, PLACE, MANNER OF PRESENTING VIEWS: A public hearing will be held at **1:30 p.m. on Wednesday, May 13, 2015, 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>

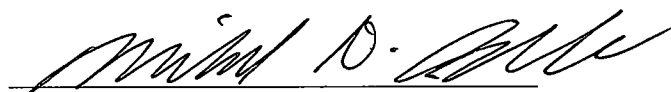
All interested parties may present their views in writing to the **Secretary of the Alabama Department of Revenue, Room 4131, Gordon Persons Building, 50 N Ripley Street, Montgomery, Alabama 36132** at any time during the thirty-five (35) day period following publication of the notice or by appearing at the hearing.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:

Wednesday, May 13, 2015

CONTACT PERSON AT AGENCY:

Patricia Toles
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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810-3-75-.01 Withholding Statement Furnished Employees.

(1)(a) Each employer, on or before January 31 of each year or within thirty days after termination of the employment, shall furnish each employee a withholding statement (Form W-2) for the preceding year, in duplicate, showing:

1. The total wages paid,
 2. The amount of Alabama income tax withheld,
 3. The amount of job development fee (JDF) withheld, which must be shown separately from the amount of Alabama income tax withheld,
 4. The amount of federal income tax withheld,
 5. The name and address of the employee,
 6. The social security number of the employee, and
 7. The employer's name, address, Federal Identification Number and Alabama withholding tax account number.
8. Qualifying severance payments exempt from Alabama income tax pursuant to §40-18-19.1, Code of Alabama 1975, must be not be shown on the Form W-2 as Alabama wages, but must be disclosed on the form as "Exempt Severance Payments," which can be abbreviated as "ESP."

(b) Each person paying proceeds from a wagering transaction subject to withholding as described in §40-18-91, shall furnish the recipient a statement of the amount of winnings subject to withholding and the amount of tax withheld in the same manner and at the same time as required by U.S. Treasury Department Regulation 31.3402(q)-1(f). A true and correct copy of such statement required to be furnished by said Treasury regulation, together with a statement of the amount of Alabama income tax withheld pursuant to §40-18-91, shall be sufficient.

~~(1) The statement required by paragraph (1)(a) above, may be prepared on Form A-2, copies of which are available on request from the Department.~~

~~(a) In lieu of Forms A-2 furnished by the Department, combination state and federal employee wage and tax statements may be used. Employers may print their own forms; however, the employer must obtain permission from the Department to print such forms.~~

~~(b) Any substitute form used must be identified as an Alabama withholding statement and must contain all the information required by this section.~~

~~(c) The following forms should be prepared:~~

~~1. A copy to be filed with the employer's annual return, as indicated in Rule 810-3-75-.03.~~

~~2. Copies to be furnished the employee to file with his individual income tax returns and to retain for his records.~~

~~3. A copy to be retained by the employer.~~

~~(2) (c)~~ If it becomes necessary to correct a Form W-2 after it has been delivered to an employee, the new statement should be marked "Corrected by Employer." IRS Form W-2C may be used for this purpose. If the withholding statement is lost or destroyed, the employer is authorized to furnish substitute copies to the employee; however, each substitute must be marked "Reissued by Employer." A copy of each corrected statement must be filed promptly with the Department. A copy of reissued statements should not be filed with the Department.

Authors: ~~Ewell Berry, Ann F. Winborne, CPA and Neal Hearn, CPA~~
Authority: §§ 40-2A-7(a)(5), 40-18-74, 40-18-91, 41-10-44.8(a)(2), 41-10-44.8(b)
Code of Alabama 1975
History: Adopted September 30, 1982; amended June 17, 1988.
Amended: Filed March 20, 1989, effective April 24, 1989.
Amended: Filed August 26, 1994, effective September 30, 1994.
Amended: Filed May 3, 2000, effective June 7, 2000.