

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-.05

Rule Title: Third Party Reporting Requirements

 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

810-3-75-.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:

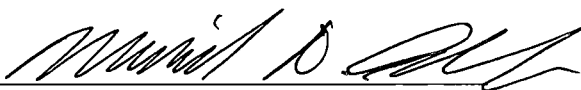
Patricia Toles

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-.05 Third-Party Reporting Requirements.

(1) Third-party payers are generally insurance companies who have made a wage payment (i.e., sick pay) to an employee on behalf of the employer. The third-party payer remits the tax withheld under the third-party payer's withholding tax account number.

(2) If the third-party payer has remitted tax on behalf of an employer, the payer must submit a listing to the Department of appropriate accounts to be credited for withholding tax payments. After receiving this list, the Department will transfer tax withheld from the third-party payer's withholding tax account to the appropriate employer's withholding tax account. The listing submitted by the third-party payer must include the following information for each employer's withholding tax account to be credited:

- (a) Name of employer,
- (b) Federal employer identification number,
- (c) Alabama withholding tax account number,
- (d) Amount to be transferred, and
- (e) Year to which payment should be transferred.

(2) The information required by paragraph (2), above, must be filed by the last day of ~~February~~ January of the year following the calendar year in which the tax was withheld.

(3) If a third-party payer has paid wages and withheld tax on behalf of an employer and has notified the Department as described in paragraph (2), above, the employer must include such wages and tax withheld on W-2 forms issued by the employer.

(5) Third-party payers who have paid wages and withheld tax on behalf of an employer and have properly notified the Department, as described in the above paragraphs, are not required to submit W-2 forms to the Department.

Author: **Ewell-Berry Neal Hearn**
Authority: §§ 40-2A-7(a)(5) and 40-18-75 Code of Alabama 1975
History: New rule: Filed May 3, 2000, effective June 7, 2000.