TRANSMITTAL SHEET FOR NOTICE OF INTENDED ACTION

Control 810 Department or Agency REVE	NUE
Rule Nos. 810-3-2601	
Rule Title: Information Returns	
New;XX _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
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Does the proposed rule have any economic impact?	No.
If the proposed rule has an economic impact, the proposed prepared in accordance with subsection (f) of Se	posed rule is required to be accompanied by a fiscal action 41-22-23, Code of Alabama 1975.
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Certification of Authorized Official	
I certify that the attached proposed rule has been p Chapter 22, Title 41, Code of Alabama 1975 and that the Administrative Procedure Division of the Legislative	at it conforms to all applicable filing requirements of
Signature of certifying officer	0.46
Date	

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

Control No	. <u>810</u>	De _l	partment or A	ency <u>REVENUE</u>	_	
Rule No:	810-3-26	i~.01				
Rule Title: Information Returns						
	New	х	_Amend	Repeal	Adopt by Reference	
● NO ○ YES			s no economio s an economio	c impact. c impact, as explain	ed below:	
1.	NEED)/EXPI	ECTED BENE	FIT OF RULE:		
2.	EFFIC	CIENT	, AND FEASIE		LE IS THE MOST EFFECTIVE, LLOCATING RESOURCES	
3.	EFFE	CT O	THIS RULE	ON COMPETITION	:	
4.	THE		RAPHICAL A	ON COST OF LIVIN REA WHERE THE	NG AND DOING BUSINESS IN RULE IS TO BE	
5.				ON EMPLOYMENT IS TO BE IMPLEME	IN THE GEOGRAPHICAL ENTED:	
6.			OF REVENUE IG THIS RULE	· - · · · · · · ·	IMPLEMENTING AND	
7.	AFFE	CTED	PERSONS, I	NCLUDING ANALY	IC IMPACT OF THIS RULE ON SIS OF PERSONS WHO WILL BENEFIT FROM THE RULE:	
8.	UNC	ERTAI	NTIES ASSO	CIATED 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 & 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-.01 Information Returns.

- (1) All resident payers engaged in a trade or business and making nonwage payments of fifteen hundred dollars (\$1,500) or more within a calendar year to any person (whether a resident or nonresident) are required to issue an information return [Federal Form 1099] (Alabama Form 99 or federal Form 1099) to the payee and file a copy of such return with the Department. Payments which are required to be reported include all nonwage payments exceeding \$1,500 which must be included in the gross income of the recipient under Title 40, Code of Alabama 1975.
- (2) <u>Information to be reported</u>. Each Form <u>1099</u> 99 must include the following information:
- (a) The payer's name, address and taxpayer identification (federal employers identification number or social security number),
 - (b) The payee's name, address and taxpayer identification number,
 - (c) The amount of payments made during the calendar year, and
 - (d) The type of payment made during the year.
 - (3) Forms to be used.
 - (e) In lieu of Form 99, the following substitutes are acceptable:
 - 1. Form 1099 (copies of any type of federal Form 1099),
- 2. Computer listings containing all the information required to be included in Form 99, or
- 3. Magnetic media reports under the Combined Federal/State Information Return Reporting Program. (Under this program, a single magnetic media filing is made with the Internal Revenue Service, and the information required by this Department is extracted by I.R.S. and forwarded to the Department. (No Form 96 summary report is required. Departmental approval to participate in this program is not required. Contact the Internal Revenue Service for approval/instructions.)
- (3) Combined Federal/State Information Return Reporting Program. Under the Combined Federal/State Information Return Reporting Program, a single filing containing the required payee information is submitted electronically to the I.R.S. by the payer. A separate filing is not required to be sent to the Department by the payer. The I.R.S. will then forwards the information to the appropriate state's Revenue Department. Departmental

approval to participate in the program is not required. Please Payer's should contact the I.R.S. for the appropriate approval and instructions.

(b) (a) Payers who have elected to voluntarily withhold income tax from payments referred to in this section may not participate in the Combined Federal/State Information Return Reporting Program. See Rules 810-3-75-.04 and 810-3-26-.02 for filing requirements for payers who have voluntarily withheld Alabama income tax.

(4) Filing Dates.

- (a) <u>Statement to Payee</u>. On or before January 31 of the year following a nonwage payment, payers shall provide to each payee a completed Form <u>1099</u> 99 or substitute therefor as described above.
- (b) <u>Duplicate to Department</u>. A copy of each Form <u>1099 and 99 (or the substitute therefor)</u> and <u>Form 96 or federal</u> Form 1096 (Annual Information Return Summary Reports of Income Payments of \$1,500 or More) must be filed with the Department on or before March 15th of the year following the year in which the payments were made.
 - (5) Miscellaneous Provisions.
- (a) <u>Noncash payments</u>. If payment is made in a form other than cash, the fair market value of the noncash payment is the amount to be reported.
- (b) <u>Voluntary withholding</u>. Withholding of Alabama income tax from payments described in this section is not mandatory. Voluntary withholding, however, is permitted. For reporting and remitting amounts voluntarily withheld, see §§40-18-74, 40-18-76, 40-18-77, 40-18-78, and Rules 810-3-75-.04 and 810-3-26-.02.

(6) <u>Penalties</u>.

- (a) Any person who fails to comply with the requirements of this section shall be subject to the penalties provided for in §40-2A-11, <u>Code of Alabama 1975</u>.
- (b) In addition to the penalties provided for in §40-2A-11, the \$50 civil penalty provided for in §40-29-74, Code of Alabama 1975, shall apply.

Authors: Ewell-Berry, Judy A. Robbins, and Ann-F. Winborne,

CPA Neal Hearn

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

History: Adopted September 30, 1982.

Amended: Filed October 26, 1988, effective December 2, 1988.

Amended: Filed March 20, 1989, effective April 24, 1989.
Amended: Filed October 1, 1993, effective November 6, 1993.
Amended: Filed March 31, 2000, effective May 5, 2000.