



APA-6  
10/96

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

Control No. 810 Department or Agency REVENUE

Rule No: 810-3-26-.01

Rule Title: Information Returns

           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:**



**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) Information to be reported. Each Form **1099 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) Statement to Payee. On or before January 31 of the year following a nonwage payment, payers shall provide to each payee a completed Form 1099 99 or substitute therefor as described above.

(b) Duplicate to Department. A copy of each Form 1099 and 99 (or the substitute therefor) and Form 96 or federal 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) Noncash payments. 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) Voluntary withholding. 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) Penalties.

(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, Code of Alabama 1975.

(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.

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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.