

TRANSMITTAL SHEET FOR
NOTICE OF INTENDED ACTION

Control 810 Department or Agency REVENUE

Rule Nos. 810-3-39-.08

Rule Title: Requirements for the Alabama Electronic Corporate Income Tax Return

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 10/20/14

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

Control No. 810 Department or Agency REVENUE

Rule No: **810-3-39-.08**

Rule Title: **Requirements for the Alabama Electronic Corporate Income Tax Return**

New Amend Repeal Adopt by Reference

- 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 WHERE 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

810-3-39-.08 Requirements for the Alabama Electronic Corporate Income Tax
Return

INTENDED ACTION: Repeal and Replace

SUBSTANCE OF PROPOSED ACTION: The department proposes to repeal the existing rule and replace it as a new rule which will provide further guidelines and procedures regarding e-filing requirements for the corporate income tax return.

TIME, PLACE, MANNER OF PRESENTING VIEWS: A public hearing will be held at **1:30 p.m. on Wednesday, December 10, 2014, Room 1203, First Floor**, Gordon Persons Building, located at 50 N Ripley Street, Montgomery, Alabama. Copies of the rule(s) can be obtained at ww.revenue.alabama.gov/rulehear.html.

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, December 10, 2014

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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**810-3-39-.08 Requirements for the Alabama Electronic Corporate Income Tax Return.
(REPEALED)**

(1) A complete Alabama electronic corporate income tax return will consist of data and supporting binary documents (such as .pdf documents) transmitted electronically. A complete Alabama electronic return must contain the same information as a comparable Alabama corporate income tax return as if filed entirely on paper.

(2) Corporations that electronically file their Alabama corporate income tax return must also pay their tax liability electronically.

(3) The transmission date of an Alabama electronic corporate income tax return will be used to determine timely filing of an electronic return in the same manner that the postmarked date is used to determine timely filing of a paper Alabama corporate income tax return.

Author: Kathleen F. Campbell

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

History: New Rule: Filed February 13, 2006, effective March 20, 2006.

**810-3-39-.08 Requirements for the Alabama Electronic Corporate Income Tax Return.
(NEW RULE)**

(1) SCOPE – To define the requirements for an Alabama electronic corporate income tax return filed through the Alabama Business Modernized E-File program and when this electronic return is considered to be timely filed for accepted and rejected returns. This rule also defines certain terms used in connection with this program.

(2) Definitions

(a) XML Schema – A single file or collection of files that describe the structure of an XML instance document along with rules for data content and semantics such as what fields an element can contain, which sub elements it can contain and how many items can be present. It can also describe the type and values that can be placed into each element or attribute.

(b) XML instance document – The actual return data defined by the XML Schema. This document is validated against the XML schema to ensure the contents and structures are correct.

(c) Business Rules – A document that defines the criteria that needs to be met for an electronic return to be accepted based on the filing instructions and system requirements for a specific tax return.

(d) **Corporate Income Tax** – The tax levied by Section 40-18-2, 40-18-31 and 40-18-39, Code of Alabama 1975.

(e) **Software Developer** - A firm, organization or individual that develops software for formatting electronic tax return information according to Alabama schemas, business rules and specifications and/or transmits electronic returns directly to the Internal Revenue Service (IRS).

(f) **Electronic Return Originator (ERO)** - A firm, organization or individual that deals directly with the taxpayer, prepares tax returns for electronic filing or collects prepared tax returns to electronically file the returns. Because the electronic filing process is a joint program between the IRS and the Alabama Department of Revenue, an ERO must be approved by the Internal Revenue Service to qualify for this program.

(g) **AL8453-C** - A document used to satisfy signature requirements for electronically filed C-Corporation income tax returns submitted to the State of Alabama by an Electronic Return Originator (ERO).

(h) **AL8453-PTE** - A document used to satisfy signature requirements for electronically filed S-Corporation/Partnership/LLC income tax returns submitted to the State of Alabama by an Electronic Return Originator (ERO).

(i) **Accepted return** – An Alabama Corporate electronic income tax return that has successfully completed the schema and business rules validation process and the Department has sent an acknowledgement with an Acceptance Status of “Accepted” for MeF (Modernized e-File) returns.

(j) **Rejected Return** – An Alabama Corporate electronic income tax return that was received but failed to complete the schema and or business rule validation process and the Department has sent an acknowledgement with an Acceptance Status of “Rejected” for MeF returns.

(k) **Transmission Perfection Period** – A ten (10) calendar day period from the date of the first transmission of a Corporate MeF (Modernized E-file) income tax return that a taxpayer has to correct and resubmit a rejected electronically transmitted Corporate MeF income tax return that was originally timely filed.

(l) **Transmission Date** – A record of the date and time (in a particular time zone) that an authorized electronic return transmitter receives the transmission of a taxpayer’s electronically filed document on its host system. However, if the taxpayer and the electronic return transmitter are located in different time zones, it is the taxpayer’s time zone that controls the timeliness of the electronically filed document.

(m) **Timely Filed return** – An electronic return that is received and accepted by the due date or within the six-month automatic extension period. It also includes a timely filed rejected return that is resubmitted and accepted during the transmission perfection period.

(3) A complete Alabama electronic corporate income tax return will consist of XML data transmitted electronically and supporting binary documents (such as .pdf documents) as required by the Alabama Corporate Modernized Electronic Filing (MeF) schemas, business rules, and Alabama Business MeF Software Developers and Transmitters Guidelines (Publication 4164). A complete Alabama electronic return must contain the same information as a comparable Alabama corporate income tax return as if filed entirely on paper.

(4) Corporations that electronically file their Alabama corporate income tax return must also pay their tax liability electronically.

(5) S-Corporations that electronically file their Alabama S-Corporate income tax return must also pay their tax liability electronically on the Form PTEC (Nonresident Composite Payment Return) if applicable.

(6) The transmission date of an accepted Alabama electronic corporate income tax return will be used to determine timely filing of an electronic return in the same manner that the postmarked date is used to determine timely filing of a paper Alabama corporate income tax return.

(7) If a timely filed electronic return is rejected, the filer has the later of 10 calendar days from the date of the first transmission or the due date of the return (with extensions) to correct the errors and resubmit the return. In order for the ADOR to acknowledge the transmission date of the original return, the submission ID of the original return must be transmitted in each subsequent filing. If the return is resubmitted and accepted after the due date (with extensions) or the transmission perfection period, the received date will be the transmission date of the accepted resubmitted (perfected) return and not the date that the original rejected return was submitted.

(a) Perfection of a return for electronic re-transmission is generally required when the original timely filed electronic return had errors in the XML format, or errors that caused the return to fail Alabama Corporate MeF schema validation and or business rules. Therefore, the transmission perfection period is not an extension of time to file; it is a period of time to correct errors in the electronic file.

(b) If a filer is unable to correct a rejected Alabama Corporate electronic return to an accepted status, the filer must submit their paper return with a copy of the last rejection notification from ADOR. To be considered timely filed, this paper return must be postmarked by the later of the due date of the return (including extensions) or 10 calendar days after the date that Alabama last gives notification that the return was

rejected. If the return is received after the due date or the transmission perfection period, the received date will be the transmission date of the return.

Author: Kathleen F. Campbell and Melissa A. Gillis
Authority: Sections 40-2A-7(a)(5) and 40-30-5, Code of Alabama 1975
History: