

RULES OF
DEPARTMENT OF REVENUE

CHAPTER 810-3-73

Withholding Certificates

TABLE OF CONTENTS

810-3-73-.01 Withholding Exemption Certificates

810-3-73-.01 Withholding Exemption Certificates.

(1) Every employee is required to furnish his or her employer an Alabama withholding exemption certificate (Form A-4) at the time of employment showing the number of exemptions claimed. The number of exemptions claimed may not exceed the number of exemptions to which the employee is entitled to claim under Section 40-18-19, Code of Alabama 1975.

(a) There are no exceptions to the above rule.

(b) Federal Form W-4 will not be accepted as the values of exemption differ greatly between Alabama and federal allowances.

(c) Failure by the employee to provide to his or her employer a signed, Alabama withholding exemption certificate will result in the employer withholding using zero ("0") exemptions.

(2) An employer is not required to deduct and withhold tax on the wages of an employee if the employee has certified to the employer on the withholding exemption certificate that the employee:

(a) Incurred no liability or income tax for the prior tax year (this requirement will not be met if the employee did not file a return for the prior year), and

(b) Does not expect to incur an income tax liability for the current year.

(3) Pursuant to the requirements of Section 40-18-73, Code of Alabama 1975, employers must provide to the Alabama Department of Revenue, no later than 60 days from the date the employee begins this employment, a copy of any withholding exemption certificates where the employee claims eight (8) or more exemptions. Failure to provide this information within the above stated time period shall subject the employer to the "failure to timely file" penalty of \$50 per certificate.

(4) Penalties.

(a) In the event the employee inflates the number of exemptions allowed by this Chapter on Form A-4, the employee shall be subject to a penalty of \$500 for such action pursuant to the provisions of Section 40-29-75, Code of Alabama 1975.

(b) Any person who fails to comply with the requirements of this section also shall be subject to the penalties provided in Section 40-2A-11, Code of Alabama 1975.

Author: Michael Mason, Ewell Berry, and Ann F. Winborne, CPA
Authority: Act 2007-199, §§ 40-2A-7(a)(5) and 40-18-73, Code of Alabama 1975
History: Adopted September 30, 1982; amended June 17, 1988.
Amended: Filed March 20, 1989, effective April 24, 1989.
Amended: Filed May 3, 2000, effective June 7, 2000.
Amended: Filed March 13, 2007, effective April 18, 2007.
Amended: Filed June 6, 2008, effective July 11, 2008.