

810-27-1-.14 Payroll Factor: Compensation Paid in this State.

(1) Compensation is paid in Alabama if any one of the following tests, applied consecutively, are met if:

(a) The employee's service is performed entirely within Alabama.

(b) The employee's service is performed both within and outside Alabama, but the service performed outside of Alabama is incidental to the employee's service within Alabama. Service is "incidental" when it is temporary or transitory in nature, or when the service is rendered in connection with an isolated transaction.

(c) The employee's services are performed both within and outside of Alabama, the employee's compensation will be attributed to Alabama if:

1. the employee's base of operations is in Alabama; or

2. there is no base of operations in any state in which some part of the service is performed, but the place from which the service is directed or controlled is in Alabama; or

3. the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed but the employee's residence is in Alabama.

(i) The "place from which the service is directed or controlled" is the place from which the power to direct or control is exercised by the taxpayer.

(ii) The "base of operations" is the place of more or less permanent nature from which the employee starts his work and to which he customarily returns in order to receive instructions from the taxpayer or communications from his customers or other persons or to replenish stock or other materials, repair equipment, or perform any other functions necessary to the exercise of his trade or profession at some other point or points.

(2) The payroll factor should be determined in accordance with Rule 810-27-1-.13.

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Authority: §§40-2A-7(a)(5) and 40-18-57, Code of Alabama 1975.
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