

810-2-8-.08 Subtraction from Net Worth for the Investment in the Equity of Any Other Taxpayer Doing Business in Alabama. **(NEW RULE)**

(1) Section 40-14A-23(g)(1), Code of Alabama 1975, provides that in computing net worth for Alabama business privilege tax purposes, the taxpayer may take a deduction for the book value of the investment by the taxpayer in the equity of any other taxpayer that is doing business in Alabama.

(2) Effective for business privilege taxable years beginning on or after January 1, 2010, and business privilege tax determination periods beginning on or after January 1, 2009, in computing the taxpayer's net worth for Alabama business privilege tax purposes, the deduction described in paragraph (1) above, which was held to be unconstitutional in AT&T Corporation v. Surtees, 953 So. 2d 1240 (Ala. Civ. App. 2006), shall not be permitted.

(3) In the case of a financial institution owning more than 50% of the outstanding capital stock of a corporation or more than 50% of the capital and profits interest of a limited liability entity, the investment by the taxpayer in the equity of such a corporation or limited liability entity shall continue to be subtracted from net worth under Section 40-14A-23(g)(2), Code of Alabama 1975, regardless of whether the corporation or limited liability entity is doing business in Alabama.

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Authority: Sections 40-2A-7(a)(5), 40-14A-23 and 40-14A-25, Code of Alabama 1975

History: