

810-3-26-.02 Voluntary Withholding of Alabama Income Tax from Nonwage Payments.

(1) Alabama income tax is not required to be withheld from distributions from a retirement or pension plan, interest payments or other nonwage payments. However, voluntary withholding of Alabama income tax is permissible. If a payer of nonwage payments voluntarily withholds Alabama income tax, the following procedures must be followed:

(a) Payments of amounts withheld must be remitted to the Department in the same manner and at the same time as described in §40-18-74, Code of Alabama 1975.

(b) On or before January 31 of the year following a nonwage payment from which Alabama income tax was withheld, the payer shall issue the recipient a statement showing the following information:

1. Year of payment.
2. Amount of payment.
3. Amount of Alabama income tax withheld.
4. Amount of federal income tax withheld.
5. Name and address of recipient.
6. Social security number of recipient.
7. Payer's name, address, and Alabama withholding tax account number.
8. Payer's federal employer identification number.

(2) See Rule 810-3-26-.01 for form requirements.

(3) On or before the last day of January of the year following a nonwage payment from which Alabama income tax was withheld, the payer shall file with the Department a copy of the statement described in the above paragraph (1)(b). Such statement must be accompanied by Form A-3, Annual Reconciliation of Alabama Income Tax Withheld. This statement must be filed in the same manner as described in §40-18-75.

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Authority: §§40-2A-7(a)(5), 40-18-26, and 40-18-75, Code of Alabama 1975

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