

810-3-75-.04 Voluntary Withholding.

(1) Alabama income tax is not required to be withheld from retirement distributions, pensions, interest payments or other payments which are not wage payments. However, voluntary withholding of Alabama income tax from such payments is permissible. If the election to voluntarily withhold Alabama income tax is made, procedures outlined in this rule must be followed.

(2) Remitting Tax Withheld. Tax withheld voluntarily 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.

(3) Statement To Be Furnished Recipient. On or before January 31 of the year following a non-wage payment from which Alabama income tax was voluntarily withheld, the payer shall issue the recipient a Form 1099 showing the following information:

(a) Amount of payment.

(b) Amount of Alabama income tax withheld.

(c) Amount of federal income tax withheld.

(d) Name, address and social security number of recipient.

(e) Payer's name, address, Alabama withholding tax account number and social security number or federal identification number.

(4) Statement To Be Furnished Department.

(a) On or before the last day of January of the year following a non-wage payment from which Alabama income tax was voluntarily withheld, the payer shall file with the Department a copy of the statement described above in paragraph (3). 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 and at the same time as described in §40-18-75.

(b) If Alabama income tax has been withheld from wages and reported on Form W-2 and also withheld from non-wage payments and reported on Form 1099, such statements must be submitted in a combined report with the Form A-3 as detailed in Rule 810-3-75-.03.

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

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