

Alabama Department of Revenue

News Release

August 27, 2003

ADOR Reminds Corporate Filers Third Quarter Alabama Estimated Income Tax Return and Payment Due Sept. 15

Montgomery, Aug. 27, 2003—The Alabama Department of Revenue reminds calendar-year corporate taxpayers that the deadline for filing and paying the third quarter estimated corporate income tax installment is Sept. 15, 2003.

A provision contained in the federal Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRR) allows calendar-year corporate taxpayers to defer making their September 2003 **federal** payment until Oct. 1, 2003. The federal JGTRR does not extend the filing and payment deadline for state taxes; the October 1 date applies only to federal taxes.

“Some corporate taxpayers filing Alabama estimated income tax returns may assume that the federal Oct. 1, 2003, filing and payment deferral automatically applies to the Alabama return. It does not,” explained State Revenue Commissioner Dwight Carlisle.

Corporations pay estimated tax if their Alabama income tax is expected to be greater than \$5,000 annually. The tax is paid in four installments by the 15th day of the fourth, sixth, ninth, and 12th months of the corporation’s tax year. The third quarter installment payment for Alabama calendar-year taxpayers is due Sept. 15, 2003.

Alabama imposes a penalty for delinquent corporate returns and payments. If a taxpayer fails to pay the correct amount of tax on or before the due date, the department will assess a failure to timely pay penalty equal to one percent of the amount of tax determined to be due for the first month’s delinquency. The penalty increases one percent for each month the taxpayer continues to be delinquent, up to 25 percent of the total amount of tax due.

Alabama also imposes a penalty for failure to make estimated payments where 90 percent of the corporation’s tax liability exceeds the estimated tax. The penalty is the

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lesser of (1) six percent of the difference between the tax liability reported on the return and any estimated tax paid, or (2) 90 percent of the tax liability reported on the return less any estimated payments made. This penalty is avoided when the corporate taxpayer makes estimated payments during the current year equal to the prior year's tax liability as shown on the return filed.

For more information concerning a corporation's estimated income tax filing and reporting responsibilities, contact the Alabama Department of Revenue, Individual and Corporate Tax Division at (334) 242-1200 or visit the department's Web site at www.ador.state.al.us.

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