

Alabama Department of Revenue

Information Release
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New Law Brings Changes in Alabama Estimated Tax Reporting and Payment Requirements

Alabama taxpayers who file and pay Alabama estimated income tax will see changes in the way they report and pay their Alabama tax beginning with the 2010 tax year.

A new law was passed during the recent legislative session, Act 2010-568, that raises the estimated tax filing and payment threshold for individual taxpayers and lowers it for corporate taxpayers. Trusts and estates will not be required to pay estimated tax under this Act.

Act 2010-568 (HB 504), signed into law on April 22, 2010, raises the filing and payment threshold for Alabama estimated quarterly tax for individuals having income not subject to withholding from \$100 to \$500. Examples of income not subject to income withholding tax include earnings from self-employment, interest, dividends, rents, etc.

For corporations, the new law lowers the quarterly estimated payment requirement to \$500 in anticipated Alabama tax liability. Prior to the new law, the threshold was set at \$5,000 in anticipated tax liability for corporations.

The new reporting and payment requirements for individuals and corporations are effective for all tax years beginning after Dec. 31, 2009.

To allow taxpayers and their tax practitioners ample time to adjust to the new estimated tax payment provisions, effective for the 2010 tax year, the ADOR advises that penalties will not be applied resulting from any first and second quarter estimated tax underpayments.

The first estimated tax quarterly installment payment for both individual taxpayers and calendar-year corporations was due April 15, 2010; the second payment is due June 15, 2010. (Fiscal year corporate taxpayers with an anticipated tax liability of \$500 or more will file and pay the first estimate by the

15th day of the fourth month of the corporation's fiscal year. The second estimate is due by the 15th day of the sixth month of the corporation's fiscal year.)

For more information regarding Alabama's estimated quarterly tax filing and payment requirements, visit ADOR's Web site at www.revenue.alabama.gov.

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