

Alabama Department of Revenue

News Release
Feb. 4, 2005

Alabama Tax Season Underway

Montgomery— The end of January marked the official start of the 2005 individual income tax season as W-2s, 1099s, and other financial statements were distributed to taxpayers. The Alabama Department of Revenue offers the following information for taxpayers' use in preparing their 2004 Alabama returns.

Expanded E-file options

More than 750,000 Alabamians took advantage of Alabama's e-file options last tax season, comprising over 42 percent of the 1.7 million tax returns filed. And this year, the ADOR hopes to see e-filing numbers increase even more. E-file provides faster refunds, more accurate returns, easy and convenient payment options, and confirmation that the state return was accepted in a safe, secure electronic filing environment.

Taxpayers who meet certain eligibility requirements may be able to e-file their state returns for free at the same time they e-file their federal returns. For more information concerning eligibility requirements and a listing of online service providers offering free federal e-file, visit the IRS Web site at www.irs.gov or ADOR's PC Online Filing at http://www.ador.state.al.us/incometax/PC_ONLINE.htm.

New Fill-In Forms Available on ADOR's Web Site

For paper filers choosing fill-in returns, the ADOR has improved its 2004 Alabama Form 40. The 2004 Form 40 fill-in form has been enhanced to perform calculations and contains reference links to the Form 4952A; Schedule A, B and CR; Schedule D and E; and Schedule OC. Taxpayers using ADOR's new fill-in form, however, should note that in order to save an electronic copy of their completed Alabama return, a full version of Adobe Acrobat Version 4.0 or higher is required. Taxpayers using Acrobat Reader should print a copy for their records.

Direct Deposit Now Available to Certain Paper Filers

For several years, direct deposit for Alabama tax refunds has been offered to Alabama e-filers; however, this year, the ADOR expanded its direct deposit offer to include certain paper filers. Paper filers who use software tax preparation programs

utilizing 2-D Bar Code technology can now choose direct deposit and have their refunds deposited into their bank accounts. Last year, 253,490 Alabama taxpayers opted to have their state income tax refunds direct-deposited into their checking accounts.

Helpful Reminders

Choose Your Preparer Carefully

The ADOR cautions taxpayers to be wary of claims by preparers offering larger refunds than other preparers. Take time to check out the preparer's credentials. While most preparers provide excellent service to their clients, it is important for a taxpayer to be aware that even if someone else prepares the return, the taxpayer is ultimately responsible for all the information reported on his or her tax return. Never sign a blank return, and review your return before you sign it. Question any entries, etc., that you do not understand.

FORM 40V—Payment Voucher

If you owe additional Alabama tax, be sure to complete a FORM 40V and include it along with your check or money order. **(If you pay by credit card, do not complete the FORM 40V.)** Complete a FORM 40V for both paper-filed and electronically-filed returns. The department will use the Form 40V to identify your tax payment by check or money order, apply it, and match it to your return for processing.

Credit Card Payment Option

If you owe additional tax, you may be able to use your credit card to pay your taxes. Alabama taxpayers can use their Discover/NOVUS, MasterCard, American Express, or VISA card by making a toll-free phone call to the state's service provider, Official Payments Corporation, at 1-800-2PAY-TAX. Taxpayers can also pay by Internet, by logging onto www.officialpayments.com. The charge customer pays a convenience fee for using the credit card payment service. This fee is paid directly to Official Payments Corporation based on the amount of your tax payment. The state receives no part of the convenience fee.

Consumer Use Tax Reporting Line Item

Taxpayers who purchased items online or through catalog or mail-order sales from out-of-state retailers during 2004 and did not pay any sales or use tax to the out-of-state retailer are able to report and pay the Alabama consumer use tax due when filing their 2004 tax year return. This is the fifth year that the department has offered this convenient payment and reporting procedure to taxpayers. Note that the state use tax rate

is the same as the state sales tax rate. Items subject to use tax are the same items that would be subject to sales tax if purchased in Alabama. Examples of taxable items and reporting procedures are detailed in the instruction booklets.

Refund Status Inquiry

Check the status of your Alabama income tax refund at any time. Visit ADOR's Web-based refund online inquiry system at www.ador.state.al.us. Taxpayers will be prompted to enter certain tax return information needed to identify their Alabama refunds, so it is helpful if they have a copy of their 2004 return in hand. The ADOR is currently updating its telephone-based refund inquiry system. The telephone refund inquiry system, (334) 353-2540, should be available for use by March 1.

For more information about the 2005 Alabama tax filing season, visit ADOR's Web site at www.ador.state.al.us.