

# Revenue REVIEW

1st Quarter  
FY 2014  
(October, November,  
December 2013)

A Quarterly Publication of the Alabama Department of Revenue

## Alabama Center for Insurance Information and Research Established



**Gov. Robert Bentley signs the executive order establishing the Alabama Center for Insurance Information and Research. He is joined by (from left) State Insurance Commissioner Jim Ridling, State Revenue Commissioner Julie Magee, Dean of the University of Alabama's Culverhouse College of Commerce and Business Administration Dr. Michael Hardin. (photo courtesy of governor's office)**

Alabama Revenue Commissioner Julie Magee was present at Gov. Robert Bentley's signing of the executive order establishing the Alabama Center for Insurance Information and Research on October 23. The center, to be housed at the University of Alabama's Culverhouse College of Commerce, will focus on providing insurance information for Alabama property owners.

Magee, along with other representatives, will serve on an advisory board of directors responsible for governance of the center.

In addition to Revenue, Gov. Bentley's executive order provides that the advisory members will include representatives from the governor's office, the Alabama Department of Insurance, the Alabama Bankers Association, the Alabama Mortgage Bankers Association, the Home Builders Association of Alabama, Alabama Smart Homes (Smart Homes America), consumer group organizations and nonprofits, as well as the chair of the Alabama Senate's Banking and Insurance Committee and the chair of the Alabama House Insurance Committee.

# FAS Annual Meeting



Foreign audit specialists attend a meeting held each December in the Gordon Persons Building. Those who attended this year's meeting included: 1st row, left to right: Kaye Thorn, Janis Miles, Suk White, Owen Carothers, Jackayla Baker, LaCynthia Holt; 2nd row, left to right: Lyvonda McKee, Cindy Reaser, Dorothy Barnes, Albert McDonald, Melissa Jones, Shirley Dean-Aiken, Audrey Jones; 3rd row, left to right: Rouen Reynolds, Mac Sadler, Robyn Graves, Vicki Stewart, Pat Estes, Adesha Tate, John Dixon, Kevin White; 4th row, left to right: Harold Daniels, Dewey Staggs, Dan Lawrence, Richard Friar, Barry King, Kelly Himel.

## Administrative Rules

### Effective Nov. 20, 2013:

#### Amended:

810-6-3-.32 – Historical Preservation Authorities

### Effective Nov. 21, 2013:

#### Adopted:

810-8-1-.28 – Diesel Fuel Defined for Wholesale Oil License Fee/Import License Fee

### Effective Nov. 29, 2013:

#### Adopted:

810-6-5-.04.02 – Seller's Responsibility to Collect County and Municipal Sales and Use Taxes

### Effective Dec. 25, 2013:

#### Adopted:

810-3-60-.04 – Calculation of Average Annual Cost of Attendance for a Public K-12 Student

#### Amended:

810-6-5-.36 – Prepaid Wireless 9-1-1 Charge  
810-6-1-.133 – Pump Installed for a County or Municipality by a Contractor  
810-6-1-.46.01 – Bleacher Systems, Lockers,

Backstops, and Other Fixtures Installed in Gymnasiums

810-6-1-.45 – Contractors Furnishing and Erecting Building Materials under Contract with the United States

810-6-1-.46 – Contractor's Liability

810-6-3-.77 – Exemption for Certain Purchases by Contractors and Subcontractors in Conjunction with Construction Contracts with Certain Governmental Entities, Public Corporations and Educational Institutions

#### Repealed:

810-7-1-.19 – State Fees on Hazardous Waste or Hazardous Substances

## New Online Distinctive License Plate Pre-commitment System in Place

Alabama vehicle owners are now able to purchase distinctive license plate pre-commitments online, according to State Revenue Commissioner Julie Magee. The online pre-commitment process became effective Jan. 1, 2014.

"No longer will owners, who want to support an organization's efforts to acquire the necessary number of pre-sale license plate commitments before the organization's license plate can be manufactured, have to visit their county licensing plate issuing officials' offices to do so. Vehicle owners will now be able to use their computers to purchase the license plate pre-commitments at their convenience — on any day of the week and at any time," explained Magee.

This is how the license plate pre-commitment process works. An organization submits a proposed license plate design to the Legislative Oversight Committee on License Plates (LOC) for review and approval. The design submitted determines the "quantity class" of the license plate design. A Class 1 design license plate requires at least 250 pre-sale commitments over a one-year period. A Class 2 design license plate requires at least 1,000 pre-sale commitments over a one-year period. Once the required number of pre-sale commitments is reached for the particular license plate design, either 250 or

1,000, the license plate is manufactured and available for issuance.

In the past, owners had to visit their county license plate issuing office to process the pre-commitment purchases. As of Jan. 1, 2014, the process moves to an online, electronic process.

"We are very excited to offer this new online service to Alabama vehicle owners. The pre-commitment process will be so much easier, quicker, and more convenient for vehicle owners wishing to acquire a new distinctive tag offered by their charity or other organization," added Magee.

All organizations that are currently in the pre-commitment process will convert to the new online process effective Jan. 1, 2014. The link for the new online system is <https://precommit.mvtrip.alabama.gov>.

To view a listing of the currently-proposed license plates, visit ADOR's Website at <http://revenue.alabama.gov/motorvehicle/>. Click on "License Plate Information," then "Commitment to Purchase" and view the different categories, marked by the specific dated pre-commitment periods.

For more information regarding Alabama's distinctive license plate program, log on to the Motor Vehicle Division's web page at <http://revenue.alabama.gov/motorvehicle/>.

Fund. The use tax is not a new tax; it has been a part of the Alabama tax system as long as the state sales tax. The use tax is a complementary tax to the state sales tax and prevents Alabama merchants from being placed at an unfair competitive disadvantage to out-of-state online or catalog merchants who may not be required to collect tax on sales to Alabama residents.

Items subject to use tax are the same items that would be subject to sales tax if purchased in Alabama, such as computers, books, electronic equipment, toys, games, furniture, jewelry, clothing, etc.

Alabama taxpayers can pay their use tax at the time they file their Alabama individual income tax return by entering the amount of use tax owed on a line item included on the Alabama individual income tax return. By doing this, the taxpayer simply either increases their balance due or decreases their income tax refund by the amount of the use tax owed.

For more information concerning Alabama's consumer use tax reporting requirements, contact the Alabama Department of Revenue Sales and Use Tax Division at (334) 242-1490, or visit the department's Web site at [www.revenue.alabama.gov](http://www.revenue.alabama.gov).

### Consumer Use Tax Collections Reported on Alabama Form 40 and 40A

Tax Year	No. Returns	Collections
2000*	6,320	\$203,344
2001	6,540	\$219,276
2002	6,157	\$242,783
2003	6,447	\$271,348
2004	6,349	\$295,083
2005	6,132	\$282,142
2006	7,102	\$312,771
2007	7,457	\$348,872
2008	7,824	\$373,728
2009	10,032	\$475,504
2010	20,000	\$761,646
2011	21,008	\$862,110
2012	23,702	\$966,297

## Consumer Use Tax Reminder

The Alabama Department of Revenue reminds Alabamians shopping the Internet, TV home-shopping networks, or catalog sales to report and pay use tax on their purchases if no tax has been collected by the online or catalog retailer.

Shoppers owe a 4 percent state use tax on their out-of-state purchases if no tax has been collected by the out-of-state seller.

Local taxes also apply if you live in a city or county that levies a local sales or use tax. If your purchase receipt shows that you have paid a sales tax to another state equal to the Alabama tax rate, you will not be taxed again.

The state use tax rate is 4 percent, the same as the state sales tax rate. Like the sales tax, the 4-percent use tax is specifically earmarked for the state's Education Trust

## ADOR Implements New Policy Aimed at Offering More Protection from ID Theft and Fraudulent Return Filings

The Alabama Department of Revenue (ADOR) announced that taxpayers who electronically file 2013 Alabama Forms 40, 40-A or 40 NR should include their driver's license or non-driver's license number, as well as their date of birth, on their Alabama returns.

This is the department's latest effort to combat the growing threat of identity theft and fraudulent tax return filings.

"Over the past several years, the department has put into place numerous 'filters' aimed at offering more protection against identify theft and fraudulent return filings," explained State Revenue Commissioner Julie P. Magee. "By putting into place additional computerized matching programs, these new pieces of information—driver's license or non-driver's license numbers and birth dates—will provide taxpayers with an additional layer of protection by ensuring that a taxpayer's personal information is not jeopardized and used by some unscrupulous person to file a fraudulent return and obtain a fraudulent refund," said Magee.

According to ADOR officials, the department will validate filers' names and dates of birth information shown on the Alabama returns against names and dates of birth information shown on individuals' driver's licenses or non-driver's licenses. If a match does not occur, then the return will be flagged and will be reviewed by an examiner.

ADOR officials added that no other personal information shown on an

individual's driver's license or non-driver's license record will be available to the ADOR for use, such as photo identification, physical description, driving restrictions or gender.

"It's a simple, quick validation and will not affect the normal processing of one's tax return," said Magee. "It is the department's responsibility to do everything we can to protect taxpayer information. We, like the Internal Revenue Service, as well as other state revenue agencies across the country, must be proactive and take any precautionary efforts available to combat this serious threat head-on," said Magee.

## 2014 Sales Tax Holiday for Severe Weather Preparedness Items Set Feb. 21 through Feb. 23

Alabama's third annual Severe Weather Preparedness Sales Tax Holiday will be held Friday, Feb. 21, 2014, through Sunday, Feb. 23, 2014.

Alabamians are encouraged to stock up on a variety of supplies for protecting their homes or businesses during Alabama's tornado and hurricane seasons.

A provision in the Severe Weather Preparedness Sales Tax Holiday law allows counties and municipalities to join the state by removing their own local sales and use taxes from the same items during the same weekend (Reference: Act 2012-256).

To allow retailers sufficient time to prepare for the upcoming sales tax holiday in February, local governments notified the ADOR of their decision regarding their participation. The ADOR uses this information to compile a listing of all cities and counties participating in the 2014 Severe Weather Preparedness Tax Holiday. The city and county listing is available at <http://www.revenue.alabama.gov/salestax/>

[WPSalesTaxHol.htm](http://www.revenue.alabama.gov/WPSalesTaxHol.htm) and provides guidance to both retailers and consumers.

The following list contains examples of items covered under the Severe Weather Preparedness holiday.

### Items below that have a sales price of \$60 or less per item

- Batteries: AAA-cell batteries, AA-cell batteries, C-cell batteries, D-cell batteries, 6-volt batteries, 9-volt batteries. (NOTE: coin batteries, automobile batteries, and boat batteries are **not** exempt.)
- Cellular phone battery
- Cellular phone charger
- Portable self-powered or battery-powered radio, two-way radio, weather-band radio or NOAA weather radio
- Portable self-powered light source, including battery-powered flashlights, lanterns, or emergency glow sticks
- Tarpaulin, plastic sheeting, plastic drop cloths, and other flexible, waterproof sheeting
- Ground anchor system, such as bungee cords or rope, or tie-down kits
- Duct tape
- Plywood, window film or other materials specifically designed to protect window coverings
- Non-electric food storage cooler or water storage container
- Non-electric can opener
- Artificial ice, blue ice, ice packs, reusable ice
- Self-contained first aid kit
- Fire extinguisher
- Smoke detector
- Carbon monoxide detector
- Gas or diesel fuel tank or container

### Items below that have a sales price of \$1,000 or less:

- Portable generators and power cords

For more information about Alabama's annual Sales Tax Holiday for Severe Weather Preparedness, visit ADOR's Website at [www.revenue.alabama.gov](http://www.revenue.alabama.gov).



**JULIE P. MAGEE**  
Commissioner

# State of Alabama Department of Revenue

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January 16, 2014

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## ANNUAL REPORT OF QUALIFYING PROJECTS FOR CAPITAL CREDIT

*In accordance with Section 40-18-196, Code of Alabama 1975, this report shall serve as the report required to be issued annually to the Alabama Legislature and the public by the Alabama Department of Revenue, before the fifth Legislative day of each regular session, as to the qualifying projects with respect to which capital credits are claimed during the year.*

Since enactment, there have been a total of 444 capital credit projects that have been placed in service with a total of \$19,634,599,591 in actual investment costs and at least 55,502 actual jobs created. Currently, the department is holding several additional notices pending receipt of requested additional information.

To date, approximately \$620,432,911 in capital credits has been claimed against the income tax liability of projects that have been placed in service.

Data Based on Notices of Projects Placed in Service Received in Reporting Year					
Reporting Year	1995-2010	2011	2012	2013	Total For All Years
Notices of Projects Placed in Service in Reporting Year	404	14	11	15	444
Actual Jobs Created Based on Notices of Projects Placed in Service in Reporting Year	51,260	1,011	895	2,336	55,502
Actual Project Costs Based on Notices of Projects Placed in Service in Reporting Year	\$14,840,908,947	\$473,926,890	\$313,602,315	\$4,006,161,439	\$19,634,599,591
Data Based on Income Tax Credits Claimed in Reporting Year					
Reporting Year	1995-2010	2011	2012	2013	Total For All Years
Capital Credits Claimed in Reporting Year	\$454,718,706	\$43,882,657	\$55,620,850	\$66,210,698	\$620,432,911

Submitted by:

Julie P. Magee  
Commissioner of Revenue

C: Lieutenant Governor Kay Ivey  
Mike Hubbard, Speaker of the House  
Del Marsh, President Pro Tempore  
Members of the Alabama Legislature



**JULIE P. MAGEE**  
Commissioner

# State of Alabama Department of Revenue

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January 21, 2014

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**CURTIS E. STEWART**  
Deputy Commissioner

## ANNUAL REPORT OF QUALIFYING PROJECTS FOR ABATEMENTS AND CAPITAL CREDITS AS A RESULT OF ACT 2012-54 (Coal Mining)

*In accordance with Section 40-18-195.1, Code of Alabama 1975, this report shall serve as the report required to be issued annually to the Alabama Legislature and the public by the Alabama Department of Revenue, by the fifth Legislative day of each regular session, as to the qualifying projects and to the amounts of abatements and capital credits as a result of the amendments provided for in Act 2012-54.*

Since enactment, there have been a total of five (5) projects granted abatements with an estimated total capital investment of \$1,460,945,334. Currently, one capital credit project has been approved but has not been placed in service.

<b>Data Based on Abatement Agreements Granted (NAICS 2121) in Reporting Year</b>			
Reporting Year	2012	2013	Total for All Years
Projects Granted Abatements per Act 2012-54	4	1	5
Estimated Total Capital Investment	\$1,436,915,334	\$24,030,000	\$1,460,945,334
Sales and Use Tax Abatements Claimed	\$56,065	\$91,449	\$147,514
Property Tax Abatements Claimed	0	\$617,389	\$617,389
<b>Data Based on Income Tax Capital Credits Claimed (NAICS 2121) in Reporting Year</b>			
Reporting Year	2012	2013	Total for All Years
Capital Credits Claimed per Act 2012-54	\$0	\$0	\$0

Submitted by:

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# From the IRS

## IRS Warns of Pervasive Telephone Scam

**Oct. 31, 2013**

### IRS YouTube Video:

*Tax Scams: English | Spanish | ASL*

WASHINGTON — The Internal

Revenue Service warned consumers about a sophisticated phone scam targeting taxpayers, including recent immigrants, throughout the country.

Victims are told they owe money to the IRS and it must be paid promptly through a pre-loaded debit card or wire transfer. If the victim refuses to cooperate, they are then threatened with arrest, deportation or suspension of a business or driver's license. In many cases, the caller becomes hostile and insulting.

"This scam has hit taxpayers in nearly every state in the country. We want to educate taxpayers so they can help protect themselves. Rest assured, we do not and will not ask for credit card numbers over the phone, nor request a pre-paid debit card or wire transfer," says IRS Acting Commissioner Danny Werfel. "If someone unexpectedly calls claiming to be from the IRS and threatens police arrest, deportation or license revocation if you don't pay immediately, that is a sign that it really isn't the IRS calling." Werfel noted that the first IRS contact with taxpayers on a tax issue is likely to occur via mail.

Other characteristics of this scam include:

- Scammers use fake names and IRS badge numbers. They generally use common names and surnames to identify themselves.
- Scammers may be able to recite the last four digits of a victim's Social Security Number.
- Scammers spoof the IRS toll-free number on caller ID to make it appear that it's the IRS calling.
- Scammers sometimes send bogus IRS emails to some victims to support their bogus calls.

- Victims hear background noise of other calls being conducted to mimic a call site.
- After threatening victims with jail time or driver's license revocation, scammers hang up and others soon call back pretending to be from the local police or DMV, and the caller ID supports their claim.

If you get a phone call from someone claiming to be from the IRS, here's what you should do:

- If you know you owe taxes or you think you might owe taxes, call the IRS at 800-829-1040. The IRS employees at that line can help you with a payment issue — if there really is such an issue.
- If you know you don't owe taxes or have no reason to think that you owe any taxes (for example, you've never received a bill or the caller made some bogus threats as described above), then call and report the incident to the Treasury Inspector General for Tax Administration at 800-366-4484.
- If you've been targeted by this scam, you should also contact the Federal Trade Commission and use their "FTC Complaint Assistant" at FTC.gov. Please add "IRS Telephone Scam" to the comments of your complaint.

Taxpayers should be aware that there are other unrelated scams (such as a lottery sweepstakes) and solicitations (such as debt relief) that fraudulently claim to be from the IRS.

The IRS encourages taxpayers to be vigilant against phone and email scams that use the IRS as a lure. The IRS does not initiate contact with taxpayers by email to request personal or financial information. This includes any type of electronic communication, such as text messages and social media channels. The IRS also does not ask for PINs, passwords or similar confidential access information for credit card, bank or other financial accounts. Recipients should not open any attachments or click on any links contained in the message. Instead, forward the e-mail to phishing@irs.gov.

More information on how to report phishing scams involving the IRS is available

on the genuine IRS website, IRS.gov.

## 2014 PTIN Renewal Period Underway for Tax Professionals

WASHINGTON — The Internal Revenue Service reminded the nation's almost 690,000 federal tax return preparers that they must renew their Preparer Tax Identification Numbers (PTINs) for 2014. All PTINs expired on Dec. 31, 2013.

Anyone who, for compensation, prepares or helps prepare any federal return or claim for refund must have a valid PTIN from the IRS. The PTIN must be used as the identifying number on returns prepared.

"We ask that you renew your PTIN as soon as possible to avoid a last-minute rush. It's easy to let this slip as the holiday season approaches," said Carol A. Campbell, Director, IRS Return Preparer Office.

The PTIN system is accepting applications for 2014.

For those who already have a 2013 PTIN, the renewal process can be completed online and only takes a few moments. The renewal fee is \$63. If you can't remember your user ID and password, there are online tools to assist you. Preparers can get started at www.irs.gov/ptin.

If you are registering for the first time, the PTIN application fee is \$64.25 and the process may also be completed online.

Form W-12, IRS Paid Preparer Tax Identification Number Application and Renewal, is available for paper applications and renewals, but takes four to six weeks to process. Failure to have and use a valid PTIN may result in penalties. All enrolled agents, regardless of whether they prepare returns, must have a PTIN in order to maintain their status.

There have been a number of enhancements to the online PTIN system since last year. They include:

- The fully functional "Manage My Account" tool allowing preparers to self-correct almost any field at any time (including professional credentials).

Previously, most changes had to be made during renewal. A phone call was required for users to make changes during the rest of the year. However, for security reasons, name changes still require written documentation.

- Preparers can now view completed continuing education programs reported by IRS-approved providers beginning with 2013 courses. Providers report completed CE programs to the IRS based on your PTIN number. Enrolled agents must have a minimum of 16 CE hours annually and a total of 72 hours every three years. Others can also view voluntary programs completed. If something is missing, contact your provider directly as we only display what providers send to us.
- Planning to take a year off for any reason? A new function allows certain preparers to inactivate their PTINs voluntarily and then reactivate the same number when they return to work. This is only for those preparers who plan to take a full year off. If you are paid to prepare tax returns during any part of a year, you must have a valid PTIN. Note: Enrolled agents must maintain a valid PTIN each year in order to maintain their EA credential and therefore are not eligible to inactivate their PTIN.

For more information about requirements for federal tax professionals and access to the online PTIN system, go to [www.irs.gov/for-Tax-Pros](http://www.irs.gov/for-Tax-Pros).

## Issue Number: IR-2013-86

Oct. 31, 2013

### IRS Announces 2014 Pension Plan Limitations; Taxpayers May Contribute up to \$17,500 to their 401(k) plans in 2014

WASHINGTON — The Internal Revenue Service announced cost of living adjustments affecting dollar limitations for pension plans and other retirement-related items for tax year 2014. Some pension

limitations such as those governing 401(k) plans and IRAs will remain unchanged because the increase in the Consumer Price Index did not meet the statutory thresholds for their adjustment. However, other pension plan limitations will increase for 2014. Highlights include the following:

- The elective deferral (contribution) limit for employees who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan remains unchanged at \$17,500.
- The catch-up contribution limit for employees aged 50 and over who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan remains unchanged at \$5,500.
- The limit on annual contributions to an Individual Retirement Arrangement (IRA) remains unchanged at \$5,500. The additional catch-up contribution limit for individuals aged 50 and over is not subject to an annual cost-of-living adjustment and remains \$1,000.
- The deduction for taxpayers making contributions to a traditional IRA is phased out for singles and heads of household who are covered by a workplace retirement plan and have modified adjusted gross incomes (AGI) between \$60,000 and \$70,000, up from \$59,000 and \$69,000 in 2013. For married couples filing jointly, in which the spouse who makes the IRA contribution is covered by a workplace retirement plan, the income phase-out range is \$96,000 to \$116,000, up from \$95,000 to \$115,000. For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered, the deduction is phased out if the couple's income is between \$181,000 and \$191,000, up from \$178,000 and \$188,000. For a married individual filing a separate return who is covered by a workplace retirement plan, the phase-out range is not subject to an annual cost-of-living adjustment and remains \$0 to \$10,000.
- The AGI phase-out range for taxpayers making contributions to a Roth IRA is

\$181,000 to \$191,000 for married couples filing jointly, up from \$178,000 to \$188,000 in 2013. For singles and heads of household, the income phase-out range is \$114,000 to \$129,000, up from \$112,000 to \$127,000. For a married individual filing a separate return, the phase-out range is not subject to an annual cost-of-living adjustment and remains \$0 to \$10,000.

- The AGI limit for the saver's credit (also known as the retirement savings contribution credit) for low- and moderate-income workers is \$60,000 for married couples filing jointly, up from \$59,000 in 2013; \$45,000 for heads of household, up from \$44,250; and \$30,000 for married individuals filing separately and for singles, up from \$29,500.

Below are details on both the unchanged and adjusted limitations.

Section 415 of the Internal Revenue Code provides for dollar limitations on benefits and contributions under qualified retirement plans. Section 415(d) requires that the Secretary of the Treasury annually adjust these limits for cost of living increases. Other limitations applicable to deferred compensation plans are also affected by these adjustments under Section 415. Under Section 415(d), the adjustments are to be made pursuant to adjustment procedures which are similar to those used to adjust benefit amounts under Section 215(i)(2)(A) of the Social Security Act.

Effective Jan. 1, 2014, the limitation on the annual benefit under a defined benefit plan under Section 415(b)(1)(A) is increased from \$205,000 to \$210,000. For a participant who separated from service before January 1, 2014, the limitation for defined benefit plans under Section 415(b)(1)(B) is computed by multiplying the participant's compensation limitation, as adjusted through 2013, by 1.0155.

The limitation for defined contribution plans under Section 415(c)(1)(A) is increased in 2014 from \$51,000 to \$52,000.

The Code provides that various other dollar amounts are to be adjusted at the same time and in the same manner as the

dollar limitation of Section 415(b)(1)(A). After taking into account the applicable rounding rules, the amounts for 2014 are as follows:

The limitation under Section 402(g)(1) on the exclusion for elective deferrals described in Section 402(g)(3) remains unchanged at \$17,500.

The annual compensation limit under Sections 401(a)(17), 404(l), 408(k)(3)(C), and 408(k)(6)(D)(ii) is increased from \$255,000 to \$260,000.

The dollar limitation under Section 416(i)(1)(A)(i) concerning the definition of key employee in a top-heavy plan is increased from \$165,000 to \$170,000.

The dollar amount under Section 409(o)(1)(C)(ii) for determining the maximum account balance in an employee stock ownership plan subject to a 5 year distribution period is increased from \$1,035,000 to \$1,050,000, while the dollar amount used to determine the lengthening of the 5 year distribution period is increased from \$205,000 to \$210,000.

The limitation used in the definition of highly compensated employee under Section 414(q)(1)(B) remains unchanged at \$115,000.

The dollar limitation under Section 414(v)(2)(B)(i) for catch-up contributions to an applicable employer plan other than a plan described in Section 401(k)(11) or Section 408(p) for individuals aged 50 or over remains unchanged at \$5,500. The dollar limitation under Section 414(v)(2)(B)(ii) for catch-up contributions to an applicable employer plan described in Section 401(k)(11) or Section 408(p) for individuals aged 50 or over remains unchanged at \$2,500.

The annual compensation limitation under Section 401(a)(17) for eligible participants in certain governmental plans that, under the plan as in effect on July 1, 1993, allowed cost of living adjustments to the compensation limitation under the plan under Section 401(a)(17) to be taken into account, is increased from \$380,000 to \$385,000.

The compensation amount under Section 408(k)(2)(C) regarding simplified employee pensions (SEPs) remains

unchanged at \$550.

The limitation under Section 408(p)(2)(E) regarding SIMPLE retirement accounts remains unchanged at \$12,000.

The limitation on deferrals under Section 457(e)(15) concerning deferred compensation plans of state and local governments and tax-exempt organizations remains unchanged at \$17,500.

The compensation amount under Section 1.61 21(f)(5)(i) of the Income Tax Regulations concerning the definition of "control employee" for fringe benefit valuation purposes is increased from \$100,000 to \$105,000. The compensation amount under Section 1.61 21(f)(5)(iii) is increased from \$205,000 to \$210,000.

The Code also provides that several pension-related amounts are to be adjusted using the cost-of-living adjustment under Section 1(f)(3). After taking the applicable rounding rules into account, the amounts for 2014 are as follows:

The adjusted gross income limitation under Section 25B(b)(1)(A) for determining the retirement savings contribution credit for married taxpayers filing a joint return is increased from \$35,500 to \$36,000; the limitation under Section 25B(b)(1)(B) is increased from \$38,500 to \$39,000; and the limitation under Sections 25B(b)(1)(C) and 25B(b)(1)(D) is increased from \$59,000 to \$60,000.

The adjusted gross income limitation under Section 25B(b)(1)(A) for determining the retirement savings contribution credit for taxpayers filing as head of household is increased from \$26,625 to \$27,000; the limitation under Section 25B(b)(1)(B) is increased from \$28,875 to \$29,250; and the limitation under Sections 25B(b)(1)(C) and 25B(b)(1)(D) is increased from \$44,250 to \$45,000.

The adjusted gross income limitation under Section 25B(b)(1)(A) for determining the retirement savings contribution credit for all other taxpayers is increased from \$17,750 to \$18,000; the limitation under Section 25B(b)(1)(B) is increased from \$19,250 to \$19,500; and the limitation under Sections 25B(b)(1)(C) and

25B(b)(1)(D) is increased from \$29,500 to \$30,000.

The deductible amount under Section 219(b)(5)(A) for an individual making qualified retirement contributions remains unchanged at \$5,500.

The applicable dollar amount under Section 219(g)(3)(B)(i) for determining the deductible amount of an IRA contribution for taxpayers who are active participants filing a joint return or as a qualifying widow(er) is increased from \$95,000 to \$96,000. The applicable dollar amount under Section 219(g)(3)(B)(ii) for all other taxpayers (other than married taxpayers filing separate returns) is increased from \$59,000 to \$60,000. The applicable dollar amount under Section 219(g)(3)(B)(iii) for a married individual filing a separate return is not subject to an annual cost-of-living adjustment and remains \$0. The applicable dollar amount under Section 219(g)(7)(A) for a taxpayer who is not an active participant but whose spouse is an active participant is increased from \$178,000 to \$181,000.

The adjusted gross income limitation under Section 408A(c)(3)(B)(i)(I) for determining the maximum Roth IRA contribution for married taxpayers filing a joint return or for taxpayers filing as a qualifying widow(er) is increased from \$178,000 to \$181,000. The adjusted gross income limitation under Section 408A(c)(3)(B)(i)(II) for all other taxpayers (other than married taxpayers filing separate returns) is increased from \$112,000 to \$114,000. The applicable dollar amount under Section 408A(c)(3)(B)(ii)(III) for a married individual filing a separate return is not subject to an annual cost-of-living adjustment and remains \$0.

The dollar amount under Section 430(c)(7)(D)(i)(II) used to determine excess employee compensation with respect to a single-employer defined benefit pension plan for which the special election under Section 430(c)(2)(D) has been made is increased from \$1,066,000 to \$1,084,000.

**Issue Number: IR-2013-87****Oct. 31, 2013****In 2014, Various Tax Benefits Increase Due to Inflation Adjustments**

WASHINGTON — For tax year 2014, the Internal Revenue Service announced annual inflation adjustments for more than 40 tax provisions, including the tax rate schedules, and other tax changes. Revenue Procedure 2013-35 provides details about these annual adjustments.

The tax items for tax year 2014 of greatest interest to most taxpayers include the following dollar amounts.

- The tax rate of 39.6 percent affects singles whose income exceeds \$406,750 (\$457,600 for married taxpayers filing a joint return), up from \$400,000 and \$450,000, respectively. The other marginal rates — 10, 15, 25, 28, 33 and 35 percent — and the related income tax thresholds are described in the revenue procedure.
- The standard deduction rises to \$6,200 for singles and married persons filing separate returns and \$12,400 for married couples filing jointly, up from \$6,100 and \$12,200, respectively, for tax year 2013. The standard deduction for heads of household rises to \$9,100, up from \$8,950.
- The limitation for itemized deductions claimed on tax year 2014 returns of individuals begins with incomes of \$254,200 or more (\$305,050 for married couples filing jointly).
- The personal exemption rises to \$3,950, up from the 2013 exemption of \$3,900. However, the exemption is subject to a phase-out that begins with adjusted gross incomes of \$254,200 (\$305,050 for married couples filing jointly). It phases out completely at \$376,700 (\$427,550 for married couples filing jointly.)
- The Alternative Minimum Tax exemption amount for tax year 2014 is \$52,800 (\$82,100, for married couples filing jointly). The 2013 exemption amount was \$51,900 (\$80,800 for married

couples filing jointly).

- The maximum Earned Income Credit amount is \$6,143 for taxpayers filing jointly who have 3 or more qualifying children, up from a total of \$6,044 for tax year 2013. The revenue procedure has a table providing maximum credit amounts for other categories, income thresholds and phaseouts.
- Estates of decedents who die during 2014 have a basic exclusion amount of \$5,340,000, up from a total of \$5,250,000 for estates of decedents who died in 2013.
- The annual exclusion for gifts remains at \$14,000 for 2014.
- The annual dollar limit on employee contributions to employer-sponsored healthcare flexible spending arrangements (FSA) remains unchanged at \$2,500.
- The foreign earned income exclusion rises to \$99,200 for tax year 2014, up from \$97,600, for 2013.
- The small employer health insurance credit provides that the maximum credit is phased out based on the employer's number of full-time equivalent employees in excess of 10 and the employer's average annual wages in excess of \$25,400 for tax year 2014, up from \$25,000 for 2013.

Details on these inflation adjustments and others not listed in this release can be found in Revenue Procedure 2013-35, which will be published in Internal Revenue Bulletin 2013-47 on Nov. 18, 2013.

**Issue Number: IR-2013-88****Nov. 6, 2013****Fast Track Settlement Program Now Available Nationwide; Time-Saving Option Helps Small Businesses Under Audit**

WASHINGTON — The Internal Revenue Service announced the nationwide rollout of a streamlined program designed to enable small businesses under audit to

more quickly settle their differences with the IRS.

The Fast Track Settlement (FTS) program is designed to help small businesses and self-employed individuals who are under examination by the Small Business/Self Employed (SB/SE) Division of the IRS. Modeled on a similar program long available to large and mid-size businesses (those with more than \$10 million in assets), FTS uses alternative dispute resolution techniques to help taxpayers save time and avoid a formal administrative appeal or lengthy litigation. As a result, audit issues can usually be resolved within 60 days, rather than months or years. Plus, taxpayers choosing this option lose none of their rights because they still have the right to appeal even if the FTS process is unsuccessful.

Jointly administered by SB/SE and the IRS Appeals office, FTS is designed to expedite case resolution. Under FTS, taxpayers under examination with issues in dispute work directly with IRS representatives from SB/SE's Examination Division and Appeals to resolve those issues, with the Appeals representative typically serving as mediator.

The taxpayer or the IRS examination representative may initiate Fast Track for eligible cases, usually before a 30-day letter is issued. The goal is to complete cases within 60 days of acceptance of the application in Appeals.

SB/SE originally launched FTS as a pilot program in September 2006. For more information on taking advantage of the Fast Track Settlement program, please view the short FTS video. Additional background is available on IRS.gov on the Alternative Dispute Resolution webpage and in IRS Announcement 2011-05.

**Issue Number: IR-2013-94****Dec. 4, 2013****More than 122 million Returns e-Filed in 2013**

WASHINGTON — The Internal Revenue Service announced a milestone

for IRS e-file – more than 122 million returns were e-filed during 2013. The statistics provided today contain complete e-file totals for 2013.

In 2013, the IRS received more than 45.2 million returns from those who prepared and e-filed their own returns on home computers, up from 43.2 million a year earlier, an increase of 4.6 percent. E-filed returns from tax professionals increased slightly, totaling more than 77 million returns. Whether they are self prepared or prepared by a tax return preparer, 91 percent of all tax returns filed by individuals are prepared on computers using tax preparation software, which improves the accuracy of those returns.

Other highlights from the new filing season statistics show:

- During 2013, the IRS issued more than 109 million refunds worth almost \$300 billion.
- Almost 77 percent of refund recipients

chose to receive their refunds through direct deposit.

- More people are using IRS.gov to get answers, file their returns and resolve issues. So far in 2013, the IRS web site has been accessed more than 430 million times, up almost 24 percent compared to the same time last year.

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### Issue Number: IR-2013-95

DEC. 6, 2013

## 2014 Standard Mileage Rates for Business, Medical and Moving Announced

WASHINGTON — The Internal Revenue Service issued the 2014 optional standard mileage rates used to calculate the

deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning on Jan. 1, 2014, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 56 cents per mile for business miles driven
- 23.5 cents per mile driven for medical or moving purposes
- 14 cents per mile driven in service of charitable organizations

The business, medical, and moving expense rates decrease one-half cent from the 2013 rates. The charitable rate is based on statute.

The standard mileage rate for business is based on an annual study of the fixed and variable costs of operating an automobile. The rate for medical and moving purposes is based on the variable costs.

Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates.

A taxpayer may not use the business standard mileage rate for a vehicle after using any depreciation method under the Modified Accelerated Cost Recovery System (MACRS) or after claiming a Section 179 deduction for that vehicle. In addition, the business standard mileage rate cannot be used for more than four vehicles used simultaneously.

These and other requirements for a taxpayer to use a standard mileage rate to calculate the amount of a deductible business, moving, medical, or charitable expense are in Rev. Proc. 2010-51. Notice 2013-80 contains the standard mileage rates, the amount a taxpayer must use in calculating reductions to basis for depreciation taken under the business standard mileage rate, and the maximum standard automobile cost that a taxpayer may use in computing the allowance under a fixed and variable rate plan.

### 2013 FILING SEASON STATISTICS

Cumulative statistics comparing 11/23/12 and 11/22/13

Individual Income Tax Returns:	2012	2013	% Change
Total Receipts	147,874,000	147,744,000	-0.1
Total Processed	147,284,000	147,223,000	-0.04
<b>E-filing Receipts:</b>			
TOTAL	119,560,000	122,515,000	2.5
Tax Professionals	76,322,000	77,268,000	1.2
Self-prepared	43,238,000	45,247,000	4.6
<b>Web Usage:</b>			
Visits to IRS.gov	353,974,215	438,066,180	23.8
<b>Total Refunds:</b>			
Number	110,224,000	109,261,000	-0.9
Amount	\$307.983 Billion	\$299.863 Billion	-2.6
Average refund	\$2,794	\$2,744	-1.8
<b>Direct Deposit Refunds:</b>			
Number	82,735,000	83,728,000	1.2
Amount	\$246.657 Billion	\$244.929 Billion	-0.7
Average refund	\$2,981	\$2,925	-1.9

## IRS Offers Year-End Tips for Alabamians

### 2014 Tax Filing Season to Open Jan. 31

**BIRMINGHAM, AL — The Internal Revenue Service will start accepting and processing 2013 tax returns Jan. 31, 2014. The delay is to allow time to update, program and properly test all systems after that process was interrupted by the government shutdown in 2013.**

IRS spokesman Dan Boone said the agency expects Alabamians to file about 2.2 million tax returns, with nearly 1.9 million of those being filed electronically. He encouraged taxpayers to take advantage of IRS Free File, at [IRS.gov](http://IRS.gov), where all filers can prepare and file their returns free online beginning Jan. 31.

"E-filing speeds up refunds and eliminates most errors, plus you get confirmation that the IRS got your tax return," Boone said.

### Alabama Tax Filing Tips for 2014

As W-2s, 1099s, and other financial statements are being distributed to taxpayers this month, the Alabama Department of Revenue offers the following tax-filing tips and reminders for the 2014 tax filing season.

#### E-file Officially Opens Jan. 31

Alabama's e-file season will officially open Jan. 31, following the Internal Revenue Service's official opening date. The Internal Revenue Service (IRS) announced plans in December to move forward the opening date for acceptance of electronically-filed returns to allow adequate time for programing and testing of its tax processing systems.

Alabama tax forms and instructions are available on ADOR's Web site at <http://revenue.alabama.gov/incometax/2013itforms.cfm>.

#### What's New for 2014?

New tax credits, new refund donation check-offs, and additional tax return

security features headline the list as to what is new this filing season for Alabama taxpayers.

### New Tax Credits for 2013

#### Historic Structures

Eligible taxpayers may claim a credit against their tax liability amount for the rehabilitation, preservation, and development of historic structures. The amount of the tax credit must be approved by the Alabama Historic Commission. The credit is available, beginning with the 2013 tax year (Reference: Act 2013-241).

#### Alabama Accountability Act Tax Credits

The 2013 Alabama Accountability Act provides a parent-taxpayer refundable tax credit available to eligible individual income taxpayers, limited to \$3,563 for the 2013 tax year. In addition, a scholarship granting organization (SGO) contribution tax credit is available to both individual taxpayers and corporate taxpayers. The maximum eligible amount for individuals is \$7,500, but is limited to one half of the taxpayer's tax liability amount for the year. Corporate taxpayers are limited to one half of the corporation's tax liability amount, beginning with the corporation's 2013 tax year. The *Alabama Schedule AATC-Alabama Accountability Tax Credit* will be used to claim the credits. Full details of these tax credits are available at <http://www.revenue.alabama.gov/accountability/>.

#### New Check-offs

Alabama taxpayers have four new refund donation check-offs from which to choose this year, bringing the total number of available refund donation check-offs on the 2013 return to sixteen. The new offerings include: the Alabama State Historic Preservation Fund, Archives Services Fund, Alabama Firefighters Annuity and Benefit Fund, and the Victims of Violence Assistance (Reference: Acts 2011-620; 2011-552, and 2012-259, respectively).

### Driver's License/Non-driver's Number, Date of Birth Requirements Added to Return Filings

Taxpayers who electronically file 2013 Alabama Forms 40, 40-A or 40 NR should include their driver's license or non-driver's license number, as well as their date of birth, on their Alabama returns. This is the department's latest effort to combat the growing threat of identity theft and fraudulent tax return filings. The department will use this information to validate filers' names and dates of birth information shown on the Alabama returns against names and dates of birth information shown on individuals' driver's licenses or non-driver's licenses. If a match does not occur, then the return will be flagged and will be reviewed by an examiner. No other personal information shown on an individual's driver's license or non-driver's license record will be available to the ADOR for use, such as photo identification, physical description, driving restrictions or gender.

### Getting Ready to File: Consider E-file

The ADOR encourages taxpayers to review their filing options and consider electronically filing their tax returns. Last year, over 1.5 million tax returns were electronically filed, totaling 78 percent of the total 1.9 million returns filed through the end of 2013. E-file is a safe, secure method of filing one's tax return and guarantees a quicker turnaround time on refund processing than traditional paper returns.

The Alabama Department of Revenue (ADOR) offers a free electronic filing option to all Alabama taxpayers filing a state income tax return. No income limitations or other qualifications must be met to take advantage of the department's free online filing system. See e-Services for more information regarding Alabama electronic filing options.

### Alabama Tax Refund Card

Last year, the ADOR introduced taxpayers to a new refund payment choice.

Taxpayers, filing a refund return, can receive their 2013 individual income tax refund in the form of a refund debit card, the Alabama Tax Refund Card. The Alabama Tax Refund Card is a prepaid VISA debit card and can be used just like cash at retail locations. Free teller-assisted cash withdrawals can be made at banks and credit unions that accept VISA. To receive the card, taxpayers must check the box on their 2013 Alabama tax return, indicating they wish to receive their refund in the form of a refund debit card.

### Direct Deposit

In addition to the Alabama Tax Refund Card as a refund option, taxpayers can choose to receive their refunds by traditional paper check or by direct deposit. Last year, approximately two-thirds of Alabama taxpayers opted to have their state income tax refunds direct-deposited into their bank accounts. Direct deposit is safe, secure, and provides taxpayers with quick access to their refunds. Be sure to check out the benefits of direct deposit.

### 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 to be aware that even if someone else prepares the return, the taxpayer is ultimately responsible for all of the information reported on his or her return. The department urges taxpayers never to sign a blank return and always review the return before signing/filing it. Question any item shown on the return that you do not understand.

### Protect Your Personal Information

Be on the alert for tax scams. During the tax-filing season, various tax scams are reported. If you receive an e-mail from someone claiming to represent the ADOR and seeking personal or financial information, do not reply. The Alabama Department of Revenue does not initiate taxpayer communications through e-mail.

## Other Important Reminders

### Alabama Gross Income Calculation

Resident individual taxpayers who are partners or members of a partnership, limited liability company or S-Corporation must include in calculations of their Alabama gross income their proportionate share of income from such entities, regardless of whether the income is earned within or outside of Alabama. Resident individuals are also allowed an income tax credit for a portion of the tax paid by the entity to another state (Reference: Act 2012-427).

### Irrigation Equipment/Reservoir Tax Credit

Alabama allows an income tax credit for the purchase and installation of irrigation equipment or for the purchase and installation of a qualified reservoir. The credit is equal to 20 percent of the cost of purchase and installation of the irrigation equipment or the qualified reservoir, but cannot exceed \$10,000. Taxpayers are allowed to claim a credit for either the irrigation equipment or reservoir, but not both. The credit is available for all tax years beginning after Dec. 31, 2011, and may be carried forward for five years. (Reference: Act 2012-391).

### Windstorm Catastrophe Savings Account Deduction

Residential property owners may establish and designate a catastrophe savings account to provide for reimbursements for insurance deductible amounts and other uninsured losses. Taxpayers are allowed a limited deduction against the income earned on deposits into a catastrophe savings account. The deduction is limited, based on the taxpayer's insurance deductible. The deduction is available beginning with the 2012 tax year (Reference Act 2012-413).

### Heroes for Hire Credit

First available for tax year 2012, the "Heroes for Hire Credit" provides an

additional \$1,000 tax credit for job creation to employers who hire recently deployed, and now discharged, unemployed veterans. Additionally, any recently deployed, and now discharged, unemployed veteran who holds at least 50 percent interest in a start-up business is eligible for a one-time \$2,000 income tax credit for expenses associated with the start-up business (Reference Act 2012-168).

### Jason Barfield Act

The 2012 Jason Barfield Act allows an Alabama income tax exemption for any payment made by the U.S. Department of Defense for any taxpayer killed in action in a combat zone, in the year he/she is declared deceased. The exemption also applies to any income earned by the spouse of the deceased, in the same year. The exemption is retroactive to Jan. 1, 2011. No statute of limitations regarding a refund petition applies to this exemption (Reference Act 2012-486).

### Alabama Injured Spouse Provisions

Alabama's tax laws follow federal law provisions in *Title 26 U.S.C. §6015* which address "injured spouse." A taxpayer requesting this relief must complete and attach Alabama Form AL 8379, Injured Spouse Allocation to his or her tax return (Reference: Act 2012-474).

### Roth IRA Treated as Qualified Trust

Alabama's code section relating to qualified trusts was amended in 2012 to include ROTH IRAs as a qualified trust (Reference: Act 2012-381).

### Homeowners Insurance Retrofitting Deduction

Homeowners who retrofit or upgrade their homes to make their residences more resistant to losses due to hurricane, tornado, or other natural disasters may claim an income tax deduction on their annual income tax returns. The deduction is limited to the lesser amount of either 50 percent of the retrofit cost or \$3,000. This deduction is available to taxpayers who itemize their deductions, as well as to those who claim the standard deduction.

## Disaster Relief Payments

Alabama's tax treatment of disaster relief payments follows that of the Internal Revenue Service (IRS) treatment of qualified disaster relief payments under the Internal Revenue Code §139. Generally, such payments are not taxable as long as they are not payments received in lieu of income. *Note:* Unemployment compensation is not taxable for Alabama purposes.

## Tax Relief, Unemployment Insurance Reauthorization & Jobs Creation Act of 2010

Alabama will follow the increased deduction allowed under the federal Tax Relief, Unemployment Insurance Reauthorization and Jobs Creation Act of 2010, pertaining to Section 168(k) of the *Internal Revenue Code*. Section 168(k) provides that qualifying assets acquired after Sept. 8, 2010, through Dec. 31, 2011, will have a 100 percent bonus depreciation.

## Small Business Jobs Act of 2010

Alabama follows the increased deductions allowed by the federal Small Business Jobs Act of 2010, which amended Section 179 and Section 168 of the *Internal Revenue Code*.

## Small Business Health Insurance Premiums

Qualifying employers can deduct an additional 100 percent of the amount paid as health insurance premiums on qualifying employees in connection with an employer-provided health insurance plan. Qualifying employers have less than 25 employees. Qualified employees are Alabama residents who earn no more than \$50,000 of wages and report no more than \$75,000 in adjusted gross income. Income threshold is limited to \$150,000, if married filing jointly. Sole proprietors claim this deduction on the Form Schedule C under "other expenses." Pass-through-entities claim this deduction on the Alabama partnership return Schedule K. The amount is then distributed to the partners or shareholders on the Schedule K-1. More information on the Small Business Health Insurance Premiums deduction is available

at [www.revenue.alabama.gov](http://www.revenue.alabama.gov). See *Current Issues* under the Practitioner's Corner. The Small Business Health Care deduction is available for all tax years after Dec. 31, 2010.

## Full Employment Act of 2011

The Full Employment Act of 2011 provides small business employers, having 50 or fewer employees, with a \$1,000 tax credit for each newly-created job, with a set hourly wage of \$10 or more. The credit is available to the employer after the employee has completed 12 months of consecutive employment in the new job. It is effective for tax years beginning after Jan. 1, 2011.

## Don't Forget the Consumer Use Tax

Taxpayers who purchased items online or through catalog or telephone mail-order sales during 2013 and did not pay any sales or use tax to the out-of-state retailer should report and pay the Alabama consumer use tax due when filing their 2013 Alabama returns.

## Review your return

Before mailing or electronically filing, be sure to review all the information on your return one more time. Errors will delay the processing of your return.

## Owe Additional Taxes?

The ADOR offers taxpayers a variety of electronic payment options—from E-check to credit card payment options. See "e-Services" at [www.revenue.alabama.gov](http://www.revenue.alabama.gov) for more information.

## Where's My Refund?

If you file an accurate 2013 refund return, the ADOR advises that you can expect to have your refund approved by the ADOR and issued by the state within 15 weeks from the date the return is received.

To check on the processing status of your refund return, go to "Where's My Refund" at [www.revenue.alabama.gov](http://www.revenue.alabama.gov) or download ADOR's free iPhone app.

Please allow at least four weeks after you electronically file or mail your Alabama refund return before checking on the status of your refund.

Last year the ADOR processed over 1.9

million individual income tax returns and approved over 1.2 million individual income tax refunds for issuance to taxpayers, totaling over \$550 million.

## Estimated Tax Reminder

April 15, 2014, also marks another important date on the tax calendar for individuals—the start of the 2014 tax-filing period for individuals who are required to file quarterly estimated income tax reports and payments. Self-employed individuals are required to report and pay estimated income tax on a quarterly basis, based on the current maximum individual rate of five percent. In addition, individuals who receive taxable income from income sources other than wages or salaries on which no tax has been withheld are also required to report and pay estimated tax on a quarterly basis, if the taxable income received exceeds certain amounts. The estimated tax filing and payment threshold for individuals is set at \$500 in tax liability annually. Examples of such taxable income would include interest income or capital gains distributions. The reporting and payment dates for individuals are April 15, June 15, Sept. 15, and Jan. 15 of the following year.

## Alabama Tax Assistance

The ADOR is committed to providing quality customer service to taxpayers. Assistance is available at taxpayers' convenience through the department's Web site at [www.revenue.alabama.gov](http://www.revenue.alabama.gov) or by calling 334.242.1000. The ADOR also operates nine Taxpayer Service Centers located across the state for walk-in assistance. For a listing of ADOR Taxpayer Service Center locations, visit [www.revenue.alabama.gov](http://www.revenue.alabama.gov). See *About Us*.

Alabama tax returns are available at selected Alabama public libraries and all ADOR taxpayer service centers. Returns are also available from the department's Web site at <http://revenue.alabama.gov/incometax/2013itforms.cfm>.

## NOTICE: Mailing Address Change for Auburn/Opelika TSC

The mailing address for the Auburn/Opelika Taxpayer Service Center has changed.

The new mailing address is:

Auburn/Opelika Taxpayer Service Center  
3320 Skyway Drive  
Suite 808  
Opelika AL 36801

## Interest Rates Remain the Same for 1st Quarter of 2014

Interest rates for the calendar quarter beginning Jan. 1, 2014, will remain at three (3) percent, according to Internal Revenue Bulletin No. 2013-96, dated Dec. 9, 2013.

Under Sect. 40-1-44, *Code of Alabama 1975*, the Department of Revenue will calculate interest on underpayments and overpayments (where applicable) at this same annual rate (3 %); however, land sold by the state for taxes, shall be calculated at 12% in accordance with Sect. 40-5-9. (Historical rates shown right.)

### Statement of Gross Tax Collections

Through End of 1st Quarter FY 2014  
(October, November, December 2013)

	FYTD 2013-14	FYTD 2012-13	% Change
Business Privilege Tax	\$ 9,656,684.37	\$ 17,560,934.50	(45.01)
Gasoline	99,904,094.51	97,931,778.90	2.01
Income Tax – Corporate	93,870,687.68	80,637,558.55	16.41
Income Tax – Individual	811,396,158.41	795,235,469.57	2.03
Income Tax (Total)	905,266,846.09	875,873,028.12	3.36
Motor Fuels	35,054,151.60	33,548,205.35	4.49
Oil & Gas Privilege (8%)	22,864,729.53	21,729,833.90	5.22
Oil & Gas Production (2%)	6,427,562.07	5,976,048.90	7.56
Sales	517,698,175.42	505,449,892.46	2.42
Use Tax	77,479,004.62	76,568,487.54	1.19
Utility Gross Receipts	92,515,147.49	95,816,878.14	(3.45)
SUBTOTAL	\$1,766,866,395.70	\$1,730,455,087.81	2.10
SUBTOTAL (OTHER TAXES)	\$ 437,022,870.98	\$ 416,874,665.87	4.83
<b>TOTAL (ALL TAXES)</b>	<b>\$2,203,889,266.68</b>	<b>\$2,147,329,753.68</b>	<b>2.63</b>

### Interest Rates By Calendar Quarter

(Established by: 26 USCA §6621; §40-1-44, *Code of Alabama 1975*)

	1ST QTR	2ND QTR	3RD QTR	4TH QTR
<b>2001</b>	9%	8%	7%	7%
<b>2002</b>	6%	6%	6%	6%
<b>2003</b>	5%	5%	5%	4%
<b>2004</b>	4%	5%	4%	5%
<b>2005</b>	5%	6%	6%	7%
<b>2006</b>	7%	7%	8%	8%
<b>2007</b>	8%	8%	8%	8%
<b>2008</b>	7%	6%	5%	6%
<b>2009</b>	5%	4%	4%	4%
<b>2010</b>	4%	4%	4%	4%
<b>2011</b>	3%	4%	4%	3%
<b>2012</b>	3%	3%	3%	3%
<b>2013</b>	3%	3%	3%	3%
<b>2014</b>	3%			

# Tax Calendar

## Required Monthly Returns Tax Activity

**10th** • Medicaid-related tax return and payment due for nursing facilities.

- Tobacco use tax return and payment due.

**15th** • Gasoline information return due from carriers, transporters, and warehouses.

- Lubricating oils information return due from carriers, transporters, and warehouses.
- Motor carrier mileage tax return and payment due.
- Oil and gas production tax and privilege tax return and payment due two months following month of production.
- Withholding return and payment due from those employers required to remit on a monthly basis

**20th** • Aviation fuel tax return and payment due.

- Coal severance tax return and payment due.
- Coal transporters' and purchasers' returns due.
- Contractors' gross receipts tax return and payment due.
- Gasoline tax return and payment due.
- Iron ore severance tax return and payment due.
- Local solid minerals tax returns and payments due.
- Lodgings tax return and payment due.
- Lubricating oils tax return and payment due.
- Medicaid tax return and payment due from pharmaceutical service providers.
- Mobile telecommunications service tax return and payment due.
- Motor fuel tax return and payment due.
- Pari-mutuel pool tax return and payment due.
- Rental or leasing tax return and payment due.
- Sales tax (state and local) return and payment due.
- Scrap Tire Environmental Fee due.
- Tobacco tax (state and county) return and payment due.
- Underground and aboveground storage tank trust fund charge due.
- Uniform Natural Minerals tax return and payment due.
- Use tax return and payment due.
- Utility gross receipts tax return and payment due.

**30th** • Hazardous waste fee return and payment due.

**Last day of month** • State horse wagering fee return and payment due.

## Quarterly/Annual Tax Activity

(April, May, June 2014)

### April

- 1** • Annual Dry Cleaning Trust Fund Fee return and payment due by wholesalers of dry cleaning agents.
- Quarterly Dry Cleaning Trust Fund Fee return and payment due.
  - Utility license (2.2%) third quarterly payment due.

**10** • Quarterly Hospital Assessment for Medicaid Tax due.

- 15** • Annual NPM payment due into escrow.
- Estimated personal income tax and first installment due.
  - Financial institutions' excise tax return and payment due.
  - Business Privilege tax return due for limited liability entities.
  - First installment of estimated corporate income tax due (for calendar-year taxpayers).

**Note:** Other fiscal-period taxpayers pay their corporate estimated tax on the 15th day of the fourth, sixth, ninth, and twelfth months of their tax year and file their return on the 15th day of the third month following the close of their tax year.

- Partnership income tax return due.
- Personal income tax return and payment due.

- 20** • Quarterly sales tax return and payment due.
- Quarterly use tax return and payment due.
  - Quarterly rental or leasing tax return and payment due.
  - Quarterly Solid Waste Disposal Fee return and payment due.

- 30** • Annual TPM certification due.
- Annual NPM certification and bank verification due.
  - Quarterly forest products' severance tax return and payment due.
  - Quarterly NPM payment due into escrow.
  - Quarterly withholding return and payment due from employer.
  - Quarterly IFTA tax return and payment due.
  - Quarterly Construction Employer Fee due.

### May

- 10** • Quarterly NPM certification and bank verification due.

### June

- 15** • Second installment of estimated corporate income tax due (for calendar-year taxpayers).
- Second installment of estimated personal income tax due.