

Alabama Department of Revenue

News Release
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New ADOR Rule May Change Filing and Payment Methods for Some Employers

Montgomery—The Alabama Department of Revenue (ADOR) encourages all employers filing state income tax withholding returns to review their current filing and payment methods to determine if a new ADOR administrative rule will affect how they file or pay their monthly or quarterly state income tax withholding.

ADOR Administrative Rule 810-3-74-.01, effective Aug. 26, 2004, requires Alabama employers or withholding agents who are required by law to submit their monthly or quarterly tax payments through electronic funds transfer to now file their withholding tax returns electronically, beginning with the Sept. 15, 2004, return.

Since 1992, Alabama taxpayers who make individual or single tax payment amounts greater than \$25,000 must pay their taxes electronically through electronic funds transfer—a process that allows tax payments to be electronically debited from the taxpayer's bank account, upon approval, and electronically transferred to the Alabama Department of Revenue.

Those employers who do not meet the electronic funds payment requirement, established in 1992, can still choose whichever filing and payment method they prefer—electronic or “paper.” The ADOR cautions, however, that regardless of whichever filing and payment method employers choose, the methods must now be uniform—employers must either file and pay electronically using electronic funds transfer as their payment method, or file a paper return and pay by check or money order.

On a quarterly basis, the ADOR processes over 138,000 withholding tax returns with payments totaling over \$500 million per quarter.