



**VERNON BARNETT**  
Commissioner

# State of Alabama Department of Revenue

(www.revenue.alabama.gov)  
50 North Ripley Street  
Montgomery, Alabama 36132

**CURTIS E. STEWART**  
Deputy Commissioner  
**MICHAEL D. GAMBLE**  
Deputy Commissioner  
**DONALD J. GRAHAM**  
Deputy Commissioner  
**DERRICK COLEMAN**  
Deputy Commissioner

## **ADOR Publishes Supplement to Analysis of the Tax Cuts and Jobs Act**

MONTGOMERY, Jan. 3, 2020 – On July 30, 2018, the Alabama Department of Revenue published initial guidance regarding the statutory ties between the federal tax law changes made by the Tax Cuts and Jobs Act (TCJA) and Alabama law. This analysis addressed the ties between the federal tax code and the Alabama tax code for relevant TCJA provisions.

At the time the analysis was published, the Financial Institution Excise Tax (FIET) law defined net income broadly as encompassing all gross income of the financial institution, less certain deductions that, for the most part, were not expressly tied to federal income tax provisions. Under this statutory scheme, the department traditionally allowed items of income reported by the financial institution to be computed similarly to those same items of income addressed in federal law, unless Alabama rules provided direct guidance on these items. Absent express ties to federal provisions, however, it was not clear whether changes effected by the TCJA would affect the calculation of FIET.

Due to these uncertainties, a working group was formed consisting of Revenue personnel, representatives of financial institutions, and tax practitioners. The group was facilitated by the Alabama Bankers Association. In the course of this collaboration, it became evident that fundamental reforms were needed to clarify the calculation of net income for FIET taxpayers, simplify reporting, and simplify the distribution of FIET collections to local governments.

The Alabama Legislature recognized the need for FIET reform and enacted the Financial Institution Reform Act of 2019, [Act 2019-284](#). This act updates the antiquated FIET statute, which had not been substantially revised since being adopted in 1935. The act provides clarity, simplicity, and administrative ease for taxpayers and the department. The act is operative for tax years beginning after Dec. 31, 2019, with limited exceptions.

For an updated analysis of the TCJA and how it affects Alabama FIET law, please visit <https://revenue.alabama.gov/audience/professionals>.

The updated analysis applies to tax years beginning on or after Jan. 1, 2020.

-30-

---

### **For more information:**

[frank.miles@revenue.alabama.gov](mailto:frank.miles@revenue.alabama.gov)

[amanda.collier@revenue.alabama.gov](mailto:amanda.collier@revenue.alabama.gov)

Telephone: 334-242-1380; FAX: 334-242-0141

Website: <http://www.revenue.alabama.gov/>