

810-3-61-.09 Estimated Tax Penalty to Individuals and Corporations Entitled to Claim Certain Credits against the Amount of Income Tax Due (New)

(1) **Definitions.** The following terms have the meanings ascribed to them for purposes of this rule:

(a) **Estimated Tax** - The Estimated Income Tax payments required pursuant to §§ 40-18-80 and 40-18-80.1, Code of Ala. 1975.

(b) **Estimated Tax Penalty** - The amounts to be added to the tax as a result of the underpayment of Estimated Taxes as prescribed by 26 U.S.C. §§ 6654 and 6655.

(c) **Allowable Credits** - The credits against the Income Tax liability of an individual or corporate taxpayer attributable to payments made by the taxpayer, when such payments are required to be reported to the department by the taxpayer at the time of payment and verified to the department by the recipient as required pursuant to §16-6D-9.

(2) **Procedure.** No Estimated Tax Penalty shall be added (or if added shall be reversed) to the Income Tax liability of an individual or corporate income taxpayer for any quarter when the amount of estimated tax payments made to the department by the quarterly due date as required, plus the amount of allowable credits generated for the quarter equal or exceed the total amount of estimated tax payments otherwise required to be made for the quarter, if the following conditions are satisfied:

(a) The allowable credits do not exceed 50% of the required estimated tax payments otherwise due;

(b) The allowable credits are attributable to payments made no later than the due date of the required estimated tax payments; and

(c) The Scholarship Granting Organization has verified receipt of the payments as required pursuant to §16-6D-9.

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Authority: §§ 16-6D-9, 40-2A-7(a)(5), 40-18-80, and 40-18-80.1, Code of Ala. 1975; 26 U.S.C. §§6654 and 6655.
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