





# Operating a Business in Alabama: Withholding Tax


Business Essentials for State  
Taxpayers (B.E.S.T.)

Rev. 06/15/2022

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## B.E.S.T. Webinar Series Housekeeping Reminders

-  Everyone's lines were muted when entering the meeting. This is to prevent background noises from interrupting the presentations. Only the host is able to unmute someone.
-  Click on the Layout button to set your preferred viewing option.
-  If you would like to ask a question about the presentation, please use the Q&A box to send a question to **all panelists** (*not to a particular presenter*). We will respond to your question during the Q&A Session near the end of the presentation.
-  At the conclusion of the webinar, a short evaluation survey will open on your screen. Your feedback is important to us, so thank you in advance for responding to the survey.



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## Disclaimer

The information in this presentation is intended to be an overview. It is not a comprehensive explanation of all aspects of the subject matter, does not represent legal advice, and is not legally binding on the Department. Information regarding taxes and tax administration changes frequently and should always be confirmed through a tax professional.

Please refer to the Alabama Department of Revenue website at [revenue.alabama.gov](https://revenue.alabama.gov) for additional information.



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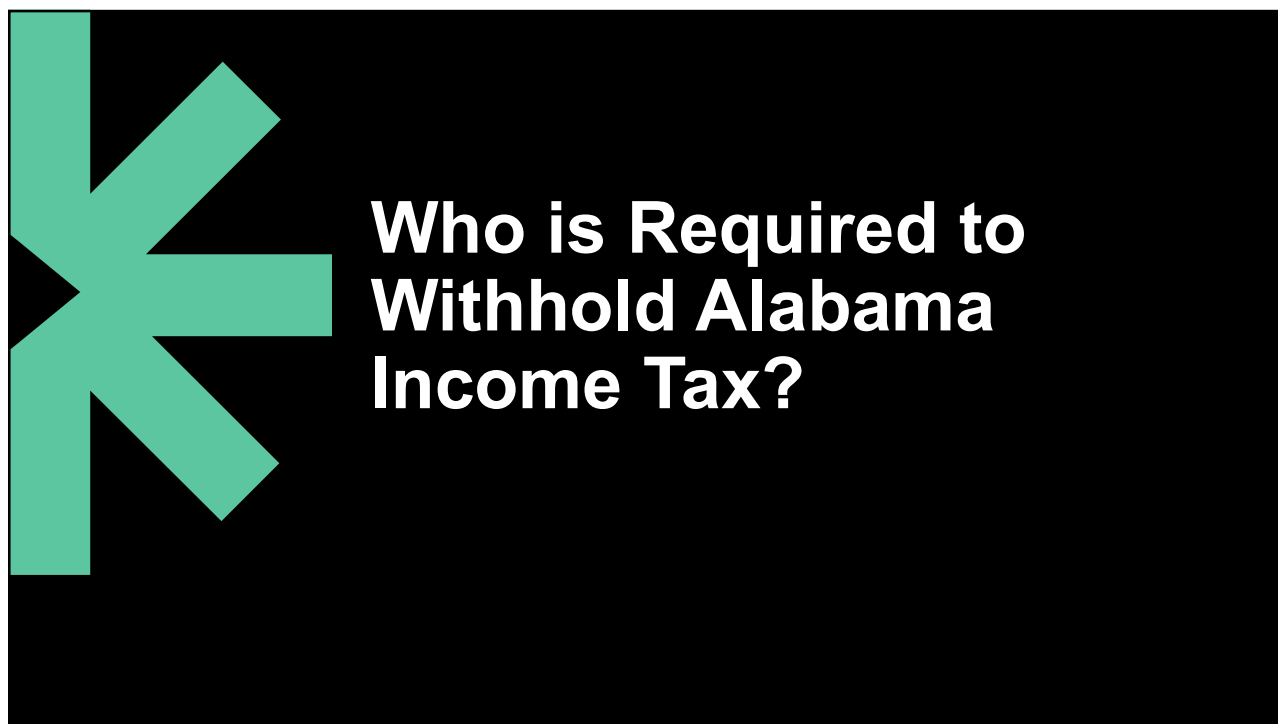
## Purpose of this Webinar

To inform Alabama business taxpayers of :

- Who is required to withhold Alabama Income Tax
- How to determine whether a person is an employee or an independent contractor
- Federal and State Withholding Exemption Taxes
- How to report Federal and State Withholding and related forms
- Other Payroll-Related Taxes
- Helpful links on ALDOR's website



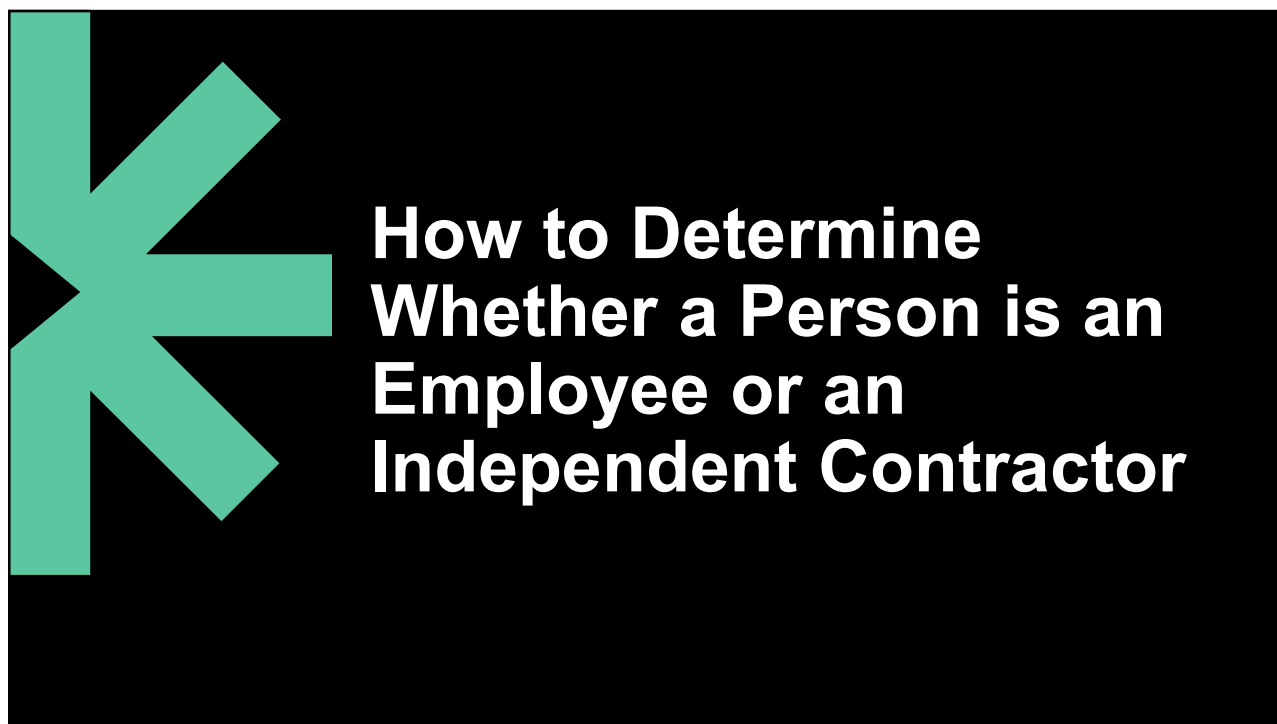
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- Employers with employees working in the State of Alabama who are not independent contractors.
- Alabama employers, with **Alabama residents** working outside the State of Alabama, will need to withhold Alabama income tax on those residents **unless** they are withholding tax for the state in which the employee is working.
- Employers, who are residents of Alabama, are required to withhold taxes from wages of their employees who are not residents of Alabama **only** to the extent that the wages are **earned in Alabama**.
- **Nonresident employers** are required to withhold Alabama income tax on wages **earned in Alabama**.

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# How to Determine Whether a Person is an Employee or an Independent Contractor

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## Employee vs. Independent Contractor

- Alabama uses the Federal classification determination to define the relationship between a business and an employee or an independent contractor. (See *Federal Form SS-8 - Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding*.)
- An employee cannot claim to be an independent contractor for Alabama purposes and therefore exempt from Alabama withholding tax, unless he has met the Federal guidelines for being an independent contractor.
- Refer to IRS Publication 15-A, *Employer's Supplemental Tax Guide* at [irs.gov/](https://www.irs.gov/).



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## Employee vs. Independent Contractor Three Common Law Factors

Employee	Independent Contractor
<input type="checkbox"/> <b>Behavioral Control</b>	<input type="checkbox"/> <b>Behavioral Control</b>
✓ Controls when, where, and how the work is done	✓ Plan their own hours
✓ Training	✓ Qualified
<input type="checkbox"/> <b>Financial Control</b>	<input type="checkbox"/> <b>Financial Control</b>
✓ No profit motive	✓ Profit motive
✓ Paid wages by the hour, week or month	✓ Paid a predetermined amount
<input type="checkbox"/> <b>Relationship</b>	<input type="checkbox"/> <b>Relationship</b>
✓ Employee type benefits	✓ Will have a written contract



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## Employee vs. Independent Contractor

Employee:	Independent Contractor:
• Does not control how, when, or where he/she works	• Controls every aspect of how, when, and where the work will be done
• Day-to-day work is important to the business	• Not important for daily company workflow
• Uses company resources	• Uses own resources to get job completed
• Employee receives a Form W-2 from employer	• An independent contractor receives Form 1099 for services rendered



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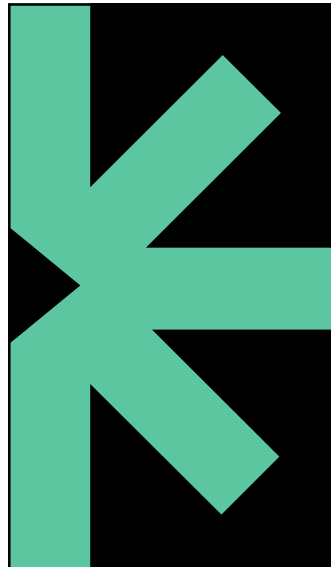
## Employee vs. Independent Contractor Examples

Employee	Independent Contractor
Dance instructors working in a health club, where the club sets hours of work, the routines to be taught and pays the instructors from fees collected by the club are examples of employees.	Dance instructors, who select their own dance routines to teach, locate and rent their own facilities, provide their own sound systems, music and clothing, collect fees directly from customers, and are free to hire assistants are examples of independent contractors.
A repairperson working in a shop where the shop owner sets the prices, the hours and days the shop is open, and the repairperson is paid an hourly wage for the work done.	A repairperson who owns or rents a shop, advertises the services to the public, furnishes all of the tools, equipment, and supplies necessary to make repairs.



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## Federal and State Withholding Exemption Taxes



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# Federal Form W-4

- Each employee must complete Form W-4 (Employee's Withholding Certificate) for Federal withholding.
- Employers must retain a copy of the W-4s for a minimum of 4 years after the date the last tax return was submitted using the information on the W-4s.
- See IRS Publication 15, *Employer's Tax Guide*, at [irs.gov/](https://www.irs.gov/) for instructions.



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# Federal Form W-4

Form <b>W-4</b> <small>(Rev. December 2020) Department of the Treasury Internal Revenue Service</small>		<b>Employee's Withholding Certificate</b>		OMB No. 1545-0074
		<p>▶ <b>Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay.</b></p> <p>▶ <b>Give Form W-4 to your employer.</b></p> <p>▶ <b>Your withholding is subject to review by the IRS.</b></p>		<p><b>2021</b></p>
<b>Step 1:</b> <b>Enter Personal Information</b>		(a) First name and middle initial	Last name	(b) Social security number
		Address		<p>▶ <b>Does your name match the name on your social security card?</b> If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to <a href="https://www.irs.gov/">www.irs.gov/</a>.</p>
		City or town, state, and ZIP code		
		<p>(c) <input type="checkbox"/> <b>Single or Married filing separately</b></p> <p><input type="checkbox"/> <b>Married filing jointly or Qualifying widow(er)</b></p> <p><input type="checkbox"/> <b>Head of household</b> (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)</p>		
<p><b>Complete Steps 2-4 ONLY if they apply to you; otherwise, skip to Step 5.</b> See page 2 for more information on each step, who can claim exemption from withholding, when to use the estimator at <a href="https://www.irs.gov/W4App">www.irs.gov/W4App</a>, and privacy.</p>				
<b>Step 2:</b> <b>Multiple Jobs or Spouse Works</b>		<p>Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs.</p> <p>Do <b>only one</b> of the following.</p> <p>(a) Use the estimator at <a href="https://www.irs.gov/W4App">www.irs.gov/W4App</a> for most accurate withholding for this step (and Steps 3-4); or</p> <p>(b) Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) below for roughly accurate withholding; or</p> <p>(c) If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld. <input type="checkbox"/></p> <p><b>TIP:</b> To be accurate, submit a 2021 Form W-4 for all other jobs. If you (or your spouse) have self-employment income, including as an independent contractor, use the estimator.</p>		
<p><b>Complete Steps 3-4(b) on Form W-4 for only ONE of these jobs.</b> Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3-4(b) on the Form W-4 for the highest paying job.)</p>				
<b>Step 3:</b> <b>Claim Dependents</b>		<p>If your total income will be \$200,000 or less (\$400,000 or less if married filing jointly):</p> <p>Multiply the number of qualifying children under age 17 by \$2,000 ▶ \$</p> <p>Multiply the number of other dependents by \$500 . . . ▶ \$</p> <p>Add the amounts above and enter the total here . . . . . <b>3</b> \$</p>		
<b>Step 4:</b>		<p>(a) <b>Other income (not from jobs).</b> If you want tax withheld for other income you expect</p>		



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# Alabama Form A4

- Each employee must complete Form A4. (Form W-4 for Federal withholding cannot be substituted.)
- Employer must withhold using zero exemptions, when Form A4 is not filed.
- Employers must retain a copy of the A4s for a minimum of 3 years after the date the last tax return was submitted using the information on the A4s.
- If an employee claims 8 or more exemptions, the employer sends a copy of the Form A4 to ALDOR's Withholding Tax Section.



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## Form A4 Employee Withholding Tax Exemption Certificate

**FORM A4**  
Employee's Withholding Tax Exemption Certificate

ALABAMA DEPARTMENT OF REVENUE  
50 North Ripley Street • Montgomery, AL 36104 • Toll-free (334) 342-1300  
www.revenue.alabama.gov

Every employee, on or before the date of commencement of employment, shall furnish his or her employer with a signed Alabama withholding exemption certificate stating the number of withholding exemptions which he or she claims, which is no more than exceeds the number to which the employee is entitled. In the event the employee refuses the number of exemptions allowed by this Chapter on Form A4, the employer shall take a portion of the number allowed (3000) for each action pursuant to Section 40-2-7(2).

**Part I - To be completed by the employee**

EMPLOYEE NAME: \_\_\_\_\_ SOCIAL SECURITY NUMBER: \_\_\_\_\_  
 STREET ADDRESS: \_\_\_\_\_ CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ ZIP CODE: \_\_\_\_\_

**HOW TO CLAIM YOUR WITHHOLDING EXEMPTIONS**

1. If you claim no personal exemption for yourself and wish to be withheld at the highest rate, write the figure "0".
2. If you are SINGLE or MARRIED FILING SEPARATELY, a \$1,000 personal exemption is allowed. Write the value "1" if claiming the SINGLE exemption or "2" if claiming the MARRIED FILING SEPARATELY exemption.
3. If you are MARRIED or SINGLE CLAIMING HEAD OF FAMILY, a \$2,000 personal exemption is allowed. Write the value "1" if you are claiming an exemption for both yourself and your spouse or "2" if you are single with qualifying dependents and are claiming the HEAD OF FAMILY exemption.
4. Number of dependents (other than yourself) that you will provide more than one-half of the support for during the year. See dependent qualifications below.
5. Additional amount, if any, you want deducted each pay period.
6. This area to be completed by your employer. Your exemption (page) number appears "N" on line 3 and "1" on line 4. Employer should also include 60 payments with 3 payments in the withholding tables.

Under penalties of perjury, I certify that I have examined this certificate and to the best of my knowledge and belief, it is true, correct, and complete.

EMPLOYER'S SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

**Part II - To be completed by the employer**

EMPLOYER NAME: \_\_\_\_\_ SOCIAL SECURITY NUMBER: \_\_\_\_\_  
 ADDRESS: \_\_\_\_\_ CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ ZIP CODE: \_\_\_\_\_

Employers are required to keep this certificate on file. If the employee is believed to have claimed more exemption than legally entitled or claims 8 or more dependent exemptions, the employer should contact the Department at the following address or phone number for verification: Alabama Department of Revenue, Withholding Tax Section, P.O. Box 227480, Montgomery, AL 36102-7480; by phone at (334) 342-1300, or by fax at (334) 342-5112. If the employee does not qualify for the exemptions claimed upon verification, the employee is required to withhold at the highest rate until the employee submits a corrected Form A4 reflecting the proper exemption they are entitled to claim.

**DEPENDENTS:** To qualify as your dependent (Line 4 above), a person must receive more than one-half of his or her support from you for the year and must be related to you as follows:  
 Your son or daughter (including legally adopted children), grandchild, stepson, stepdaughter, son-in-law, or daughter-in-law;  
 Your father, mother, grandparent, stepfather, stepmother, father-in-law, or mother-in-law;  
 Your brother, sister, stepbrother, stepsister, half-brother, half-sister, brother-in-law, or sister-in-law;  
 Your uncle, aunt, nephew, or niece (but only if related by blood).

THIS FORM MAY BE REPRODUCED



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# Nonresident Military Spouse Withholding Tax Exemption (Form A4-MS)

- Public Law 111-97: Military Spouses Residency Relief Act provides that spousal income **is not** subject to Alabama withholding **if** the spouse is in the jurisdiction solely to be with the service member serving in compliance with military orders.
- To qualify for the tax exemption, the answer to all 7 conditions on the A4-MS **MUST** be **TRUE**.



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## Form A4-MS

FORM A4-MS  
Nonresident Military Spouse Withholding Tax Exemption Certificate

ALABAMA DEPARTMENT OF REVENUE  
50 North Bigley Street • Montgomery, AL 36104 • Toll-Free (204) 242-1300  
www.revenue.alabama.gov

Form A4-MS is to be used only for employees claiming exemption from Alabama's income tax withholding requirements based on the conditions set forth under the Military Spouses Residency Relief Act (PL 111-97).

Part I - To be completed by the employee

EMPLOYEE NAME: \_\_\_\_\_ SOCIAL SECURITY NUMBER: \_\_\_\_\_

EMPLOYEE ADDRESS: \_\_\_\_\_ CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ ZIP CODE: \_\_\_\_\_

In order to qualify for this exemption, the employee must be able to answer True to all of the following conditions. If not, they will not qualify to use this form and will need to complete the Form A4 instead.

1. My Spouse is an active-duty military servicemember ..... ☐ True ☐ False

2. I am not a military servicemember ..... ☐ True ☐ False

3. My Spouse's current military orders assign him/her to a location in/near Alabama ..... ☐ True ☐ False

4. I am present in/near Alabama solely to be with my servicemember Spouse ..... ☐ True ☐ False

5. I and my military servicemember Spouse live at the same address ..... ☐ True ☐ False

6. My domicile is a state other than Alabama ..... ☐ True ☐ False

7. My military servicemember Spouse's domicile is the same as mine ..... ☐ True ☐ False

If you answered True to all of the above conditions, your wages are exempt from Alabama withholding tax.

Under penalties of perjury, I certify that I am not subject to Alabama withholding tax because I meet the conditions set forth under the Military Spouses Residency Relief Act (PL 111-97) and that I understand that my state of residency may tax the income I earn in Alabama.

EMPLOYER'S SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

Part II - To be completed by the employer

EMPLOYER NAME: \_\_\_\_\_ MAILING ADDRESS (FOR MAILING PURPOSES): \_\_\_\_\_

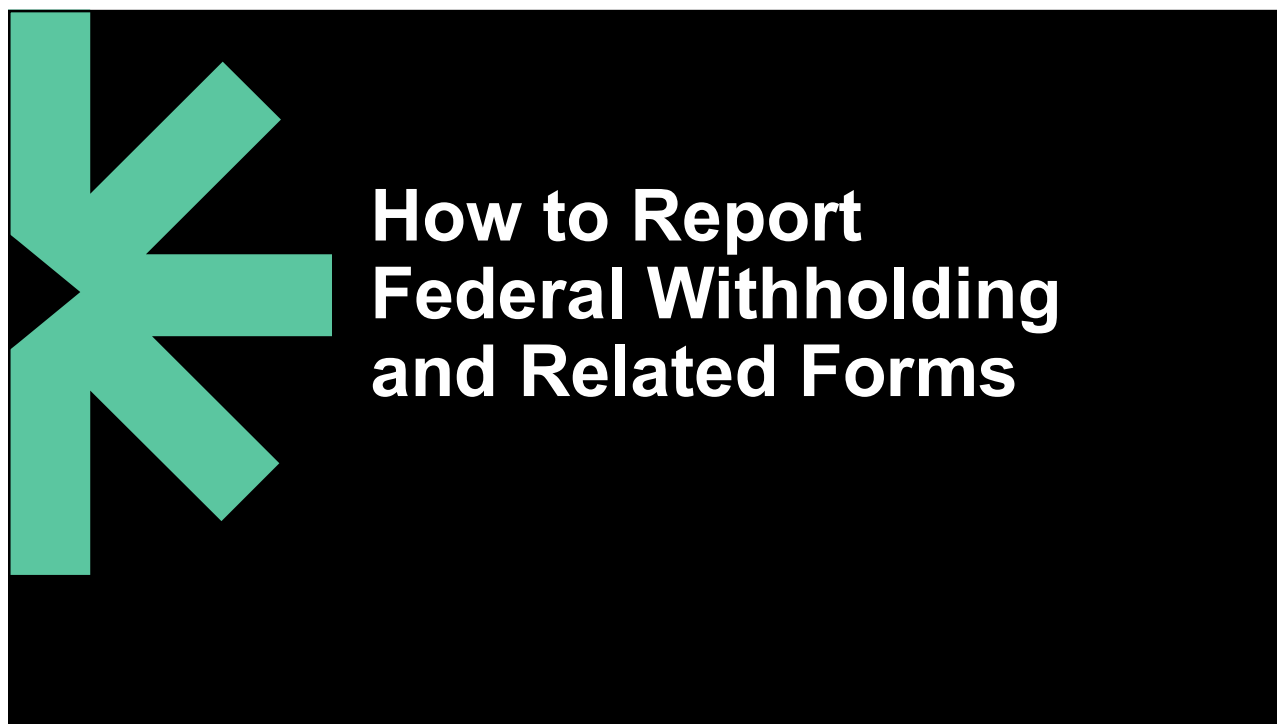
EMPLOYER ADDRESS: \_\_\_\_\_ CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ ZIP CODE: \_\_\_\_\_

Employers are required to obtain from the employee a clear photocopy of their current military spouse's Form DD 2558 reflecting the servicemember's state of legal residence, and a recent Leave and Earnings Statement. Employees must file Form A4-MS with the employer's personnel records. If the employer believes the employee has improperly claimed exemption under the MSRRRA, the employer should contact the Department at the following address or phone number: Alabama Department of Revenue, Withholding Tax Section, P.O. Box 327462, Montgomery, AL 36102-7462, by phone at (204) 242-1500, or by fax at (204) 242-0112.

THIS FORM MAY BE REPRODUCED



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## Federal Withholding

- Withheld from employee's paycheck
- Amount withheld is based on employee's W-4
- Usually paid by making deposits through EFT (EFTPS.gov)
- File Form 941 quarterly
- See IRS Publication 15 at [irs.gov/](https://www.irs.gov/) for instructions.



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## Form W-2 vs. Form 1099

- Businesses that have employees file the Form W-2
- Businesses that use independent contractors must file Form 1099-NEC
- Business that have both employees and independent contractors must file Form W-2 and Form 1099-NEC



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## Form W-2 Wage and Tax Statement

Every employer engaged in a trade or business, who pays remuneration, including noncash payments of \$600 or more for the year for services performed by an employee, must file a Form W-2 for each employee (even if the employee is related to the employer) from whom:

- Income, Social Security, or Medicare tax was withheld.
- Income tax would have been withheld if the employee had claimed no more than one withholding allowance or had not claimed exemption from withholding on Form W-4, Employee's Withholding Allowance Certificate.



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# Form W-2

22222		a Employee's social security number		OMB No. 1545-0008	
b Employer identification number (EIN)		1 Wages, tips, other compensation		2 Federal income tax withheld	
c Employer's name, address, and ZIP code		3 Social security wages		4 Social security tax withheld	
		5 Medicare wages and tips		6 Medicare tax withheld	
		7 Social security tips		8 Allocated tips	
d Control number		9		10 Dependent care benefits	
e Employee's first name and initial Last name Suff.		11 Nonqualified plans		12a	
		13 Statutory employee Retirement plan Third party self-pay		12b	
		14 Other		12c	
				12d	
f Employee's address and ZIP code					
15 State Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax Statement 2021 Department of the Treasury—Internal Revenue Service  
Copy 1—For State, City, or Local Tax Department



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## W-3 Transmittal of Wage and Tax Statements

- Anyone required to file Form W-2 must file Form W-3 to transmit Copy A of Forms W-2.
- A copy of Form W-3 along with copy D of Form W-2 must be kept for a minimum of 4 years.
- W-3 along with the W-2s must be filed with Social Security Administration by January 31<sup>st</sup>.



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# Form W-3

33333		a Control number		For Official Use Only OMB No. 1545-0048	
b Kind of Payer (Check one)		c Kind of Employer (Check one)		d Federal income tax withheld	
<input type="checkbox"/> 941 Military <input type="checkbox"/> 942 Hosp. ems. <input type="checkbox"/> 943 Medicare gov. emp. <input type="checkbox"/> 944 None apply		<input type="checkbox"/> None apply <input type="checkbox"/> State/local non-govt. <input type="checkbox"/> State/local 501c <input type="checkbox"/> Federal govt. <input type="checkbox"/> Third-party sick pay (Check if applicable)		<input type="checkbox"/> 501c non-govt. <input type="checkbox"/> State/local 501c <input type="checkbox"/> Federal govt.	
e Total number of Forms W-2		f Establishment number		g Social security wages	
h Employer identification number (EIN)		i Employer's name		j Social security tax withheld	
k Employer's address and ZIP code		l Medicare wages and tips		m Medicare tax withheld	
n Other EIN used this year		o Social security tips		p Allocated tips	
15 State Employer's state ID number		11 Nonqualified plans		12a Deferred compensation	
16 State wages, tips, etc.		13 For third-party sick pay use only		12b	
17 State income tax		14 Income tax withheld by payer of third-party sick pay			
18 Local wages, tips, etc.		19 Local income tax			
Employer's contact person		Employer's telephone number		For Official Use Only	
Employer's fax number		Employer's email address			

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

Form **W-3 Transmittal of Wage and Tax Statements** 2021  
 Send this entire page with the entire Copy A page of Form(s) W-2 to the Social Security Administration (SSA).  
 Photocopies are not acceptable. Do not send Form W-3 if you filed electronically with the SSA.  
 Do not send any payment (cash, checks, money orders, etc.) with Forms W-2 and W-3.

Department of the Treasury  
Internal Revenue Service

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# Form 1099-NEC

Federal Form 1099-NEC (Non-Employee Compensation) is used to report amounts paid to non-employees such as independent contractors and other businesses to whom payments are made.

Specific instructions for filing Form 1099-NEC (Non-Employee Compensation) for each person to whom you have paid at least \$600 during the previous year for:

- Services performed by someone who is not your employee (including parts and materials).
- Payments to an attorney.

Instructions for filing Form 1099-NEC are available on the IRS website, [irs.gov/](https://www.irs.gov/).

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# Form 1099-NEC

☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		OMB No. 1545-0116 <b>2021</b> Form <b>1099-NEC</b>		<b>Nonemployee Compensation</b>	
PAYER'S TIN	RECIPIENT'S TIN	1 Nonemployee compensation \$		<b>Copy 1 For State Tax Department</b>	
RECIPIENT'S name		2 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>			
Street address (including apt. no.)		3			
City or town, state or province, country, and ZIP or foreign postal code		4 Federal income tax withheld \$			
Account number (see instructions)		5 State tax withheld \$	6 State/Payer's state no.	7 State income \$	

Form **1099-NEC** [www.irs.gov/Form1099NEC](http://www.irs.gov/Form1099NEC) Department of the Treasury - Internal Revenue Service


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## Form 1096 Annual Summary and Transmittal of U.S. Information Returns

- Form 1096 is a summary form used to transmit paper Form 1099s (and other informational returns).
- This form is provided for informational purposes only; it is not a tax form.
- Must mark in Section 6 only one box indicating type of form being filed. Do not mark multiple boxes.
- Form 1096 filed with Form 1099-NEC must be filed by January 31.

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# Form 1096

Do Not Staple 

Form **1096** **Annual Summary and Transmittal of U.S. Information Returns** OMB No. 1545-0108 **2021**

Department of the Treasury  
Internal Revenue Service

FILER'S name \_\_\_\_\_

Street address (including room or suite number) \_\_\_\_\_

City or town, state or province, country, and ZIP or foreign postal code \_\_\_\_\_

Name of person to contact \_\_\_\_\_ Telephone number \_\_\_\_\_

Email address \_\_\_\_\_ Fax number \_\_\_\_\_

**For Official Use Only**

1 Employer identification number \_\_\_\_\_ 2 Social security number \_\_\_\_\_ 3 Total number of forms \_\_\_\_\_ 4 Federal income tax withheld \$ \_\_\_\_\_ 5 Total amount reported with this Form 1096 \$ \_\_\_\_\_

6 Enter an "X" in only one box below to indicate the type of form being filed.

1099-INT	1099-DIV	1099-ORD	1099-PRO	1099-RENT	1099-ROTH	1099-401K	1099-529	1099-540	1099-549	1099-550	1099-551	1099-552	1099-553	1099-554	1099-555	1099-556	1099-557	1099-558	1099-559	1099-560	1099-561	1099-562	1099-563	1099-564	1099-565	1099-566	1099-567	1099-568	1099-569	1099-570	1099-571	1099-572	1099-573	1099-574	1099-575	1099-576	1099-577	1099-578	1099-579	1099-580	1099-581	1099-582	1099-583	1099-584	1099-585	1099-586	1099-587	1099-588	1099-589	1099-590	1099-591	1099-592	1099-593	1099-594	1099-595	1099-596	1099-597	1099-598	1099-599	1099-600	1099-601	1099-602	1099-603	1099-604	1099-605	1099-606	1099-607	1099-608	1099-609	1099-610	1099-611	1099-612	1099-613	1099-614	1099-615	1099-616	1099-617	1099-618	1099-619	1099-620	1099-621	1099-622	1099-623	1099-624	1099-625	1099-626	1099-627	1099-628	1099-629	1099-630	1099-631	1099-632	1099-633	1099-634	1099-635	1099-636	1099-637	1099-638	1099-639	1099-640	1099-641	1099-642	1099-643	1099-644	1099-645	1099-646	1099-647	1099-648	1099-649	1099-650	1099-651	1099-652	1099-653	1099-654	1099-655	1099-656	1099-657	1099-658	1099-659	1099-660	1099-661	1099-662	1099-663	1099-664	1099-665	1099-666	1099-667	1099-668	1099-669	1099-670	1099-671	1099-672	1099-673	1099-674	1099-675	1099-676	1099-677	1099-678	1099-679	1099-680	1099-681	1099-682	1099-683	1099-684	1099-685	1099-686	1099-687	1099-688	1099-689	1099-690	1099-691	1099-692	1099-693	1099-694	1099-695	1099-696	1099-697	1099-698	1099-699	1099-700	1099-701	1099-702	1099-703	1099-704	1099-705	1099-706	1099-707	1099-708	1099-709	1099-710	1099-711	1099-712	1099-713	1099-714	1099-715	1099-716	1099-717	1099-718	1099-719	1099-720	1099-721	1099-722	1099-723	1099-724	1099-725	1099-726	1099-727	1099-728	1099-729	1099-730	1099-731	1099-732	1099-733	1099-734	1099-735	1099-736	1099-737	1099-738	1099-739	1099-740	1099-741	1099-742	1099-743	1099-744	1099-745	1099-746	1099-747	1099-748	1099-749	1099-750	1099-751	1099-752	1099-753	1099-754	1099-755	1099-756	1099-757	1099-758	1099-759	1099-760	1099-761	1099-762	1099-763	1099-764	1099-765	1099-766	1099-767	1099-768	1099-769	1099-770	1099-771	1099-772	1099-773	1099-774	1099-775	1099-776	1099-777	1099-778	1099-779	1099-780	1099-781	1099-782	1099-783	1099-784	1099-785	1099-786	1099-787	1099-788	1099-789	1099-790	1099-791	1099-792	1099-793	1099-794	1099-795	1099-796	1099-797	1099-798	1099-799	1099-800	1099-801	1099-802	1099-803	1099-804	1099-805	1099-806	1099-807	1099-808	1099-809	1099-810	1099-811	1099-812	1099-813	1099-814	1099-815	1099-816	1099-817	1099-818	1099-819	1099-820	1099-821	1099-822	1099-823	1099-824	1099-825	1099-826	1099-827	1099-828	1099-829	1099-830	1099-831	1099-832	1099-833	1099-834	1099-835	1099-836	1099-837	1099-838	1099-839	1099-840	1099-841	1099-842	1099-843	1099-844	1099-845	1099-846	1099-847	1099-848	1099-849	1099-850	1099-851	1099-852	1099-853	1099-854	1099-855	1099-856	1099-857	1099-858	1099-859	1099-860	1099-861	1099-862	1099-863	1099-864	1099-865	1099-866	1099-867	1099-868	1099-869	1099-870	1099-871	1099-872	1099-873	1099-874	1099-875	1099-876	1099-877	1099-878	1099-879	1099-880	1099-881	1099-882	1099-883	1099-884	1099-885	1099-886	1099-887	1099-888	1099-889	1099-890	1099-891	1099-892	1099-893	1099-894	1099-895	1099-896	1099-897	1099-898	1099-899	1099-900	1099-901	1099-902	1099-903	1099-904	1099-905	1099-906	1099-907	1099-908	1099-909	1099-910	1099-911	1099-912	1099-913	1099-914	1099-915	1099-916	1099-917	1099-918	1099-919	1099-920	1099-921	1099-922	1099-923	1099-924	1099-925	1099-926	1099-927	1099-928	1099-929	1099-930	1099-931	1099-932	1099-933	1099-934	1099-935	1099-936	1099-937	1099-938	1099-939	1099-940	1099-941	1099-942	1099-943	1099-944	1099-945	1099-946	1099-947	1099-948	1099-949	1099-950	1099-951	1099-952	1099-953	1099-954	1099-955	1099-956	1099-957	1099-958	1099-959	1099-960	1099-961	1099-962	1099-963	1099-964	1099-965	1099-966	1099-967	1099-968	1099-969	1099-970	1099-971	1099-972	1099-973	1099-974	1099-975	1099-976	1099-977	1099-978	1099-979	1099-980	1099-981	1099-982	1099-983	1099-984	1099-985	1099-986	1099-987	1099-988	1099-989	1099-990	1099-991	1099-992	1099-993	1099-994	1099-995	1099-996	1099-997	1099-998	1099-999	1099-1000
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**Return this entire page to the Internal Revenue Service. Photocopies are not acceptable.**  
**Send this form, with the copies of the form checked in box 6, to the IRS in a flat mailer (not folded).**

Under penalties of perjury, I declare that I have examined this return and accompanying documents and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

**Instructions**

**Future developments.** For the latest information about developments related to Form 1096, such as legislation enacted after it was published, go to [www.irs.gov/Form1096](http://www.irs.gov/Form1096).

**Reminder.** The only acceptable method of electronically filing is through the IRS e-file system.

Enter the filer's name, address (including room, suite, or other unit number), and taxpayer identification number (TIN) in the spaces provided on the form. The name, address, and TIN of the filer on this form must be the same as those you enter in the upper left area of Forms 1097, 1098, 1099, 3921, 3922, 5498, or W-2G.

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## How to Report State Withholding and Related Forms

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# State Withholding Tax Forms

Form	Filing Frequency	Due Date	Additional Information
A-6	Monthly...if employer withholds more than \$1,000 in the 1 <sup>st</sup> or 2 <sup>nd</sup> month of the quarter	On or before the 15 <sup>th</sup> of the month following the end of the month being filed (e.g., Form A-6 for the month of January is due on or before February 15 <sup>th</sup> )	<ul style="list-style-type: none"> <li>First Return – New employers must apply for withholding tax account on My Alabama Taxes</li> <li>Final Return – When an employer ceases to withhold Alabama Income Tax, place a "X" on Line 1 of A-6 form.</li> </ul>
A-1	Quarterly...if employer withholds less than \$1,000 a month	On or before the last day of the month following the end of the quarter being filed (e.g., <i>Quarter ending March 31<sup>st</sup> is due on or before April 30<sup>th</sup></i> )	
A-3	Annually	Due on or before January 31 <sup>st</sup>	<ul style="list-style-type: none"> <li>W-2s must be filed with A-3</li> <li>Filing must include Federal 1099 or 1096</li> <li>Must file electronically <i>if</i> returns &amp; payments were filed &amp; paid electronically</li> <li>Must file electronically if the A-3 includes 25 or more W-2s or 1099s</li> </ul>



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# Filing State Withholding on MAT

- Register for a withholding account at My Alabama Taxes (MAT) at [myalabamataxes.alabama.gov/](https://myalabamataxes.alabama.gov/).
- Once you have been issued an account number, a sign on ID and an access code, return to MAT to register.
- Once registered, logon to MAT to file state withholding taxes.



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# Form A-3 Alabama Annual Reconciliation of Alabama Income Tax Withheld

Employers must submit copies of Form W-2 to the Department using the Alabama Reconciliation Form A-3



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## Form A-3

**Reset Form**

**FORM A-3** STATE OF ALABAMA  
ANNUAL RECONCILIATION OF ALABAMA  
INCOME TAX WITHHELD

YEAR

NUMBER OF EMPLOYEE WAGE STATEMENTS AND/OR  
INFORMATION RETURNING TRANSMITTED WITH THIS FORM

ALABAMA WITHHOLDING TAX ACCOUNT NUMBER  DATE DUE

NAME AND ADDRESS

SIGNATURE  DATE

**NOTE: DO NOT send without W-2's. A-3 received without W-2's WILL BE RETURNED.**

	COL 1 - TAX WITHHELD	COL 2 - TAX REMITTED
JANUARY	\$	\$
FEBRUARY	\$	\$
MARCH (1st QTR)	\$	\$
APRIL	\$	\$
MAY	\$	\$
JUNE (2nd QTR)	\$	\$
JULY	\$	\$
AUGUST	\$	\$
SEPTEMBER (3rd QTR)	\$	\$
OCTOBER	\$	\$
NOVEMBER	\$	\$
DECEMBER (4th QTR)	\$	\$
<b>1 TOTAL TAX REMITTED (COL 2)</b>		\$
<b>2 TOTAL ALABAMA INCOME TAX WITHHELD AS SHOWN ON FORMS W-2 (INDIC 1099)</b>		\$
<b>3 ADDITIONAL TAX DUE ENCLOSED REMITTANCE</b>		\$
<b>4 OVERPAYMENT REFUND <input type="checkbox"/> CREDIT <input type="checkbox"/></b>		\$
<b>OVERPAYMENTS LESS THAN \$100.00 WILL BE ISSUED A CREDIT</b>		

- Due on or before the last day of January following the end of year being filed.
- Requires employers submitting 25 or more W-2's or who have filed and paid electronically during the year, to electronically submit both Form A-3 and W-2's online.
- A-3 received without W-2's will be returned.



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## How to File State 1099s

- 1099s with no Alabama income tax withheld are filed using copies the Federal 1099s along with a copy of the Federal 1096 Annual Summary and Transmittal of U.S. Information Return. They are due by March 15<sup>th</sup> and should be mailed to:

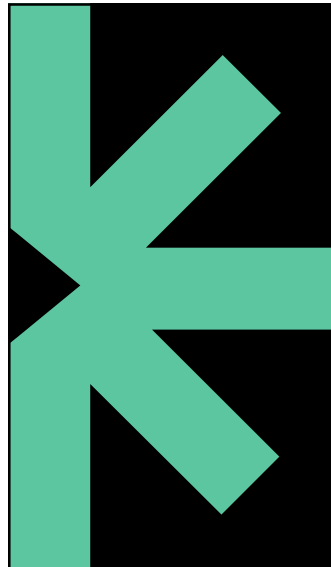
Alabama Department of Revenue  
P.O. Box 327489  
Montgomery, AL 36132-7489

- 1099s with Alabama income tax withheld are reported on Form A-3 along with any W-2s.



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## Other Payroll-Related Taxes



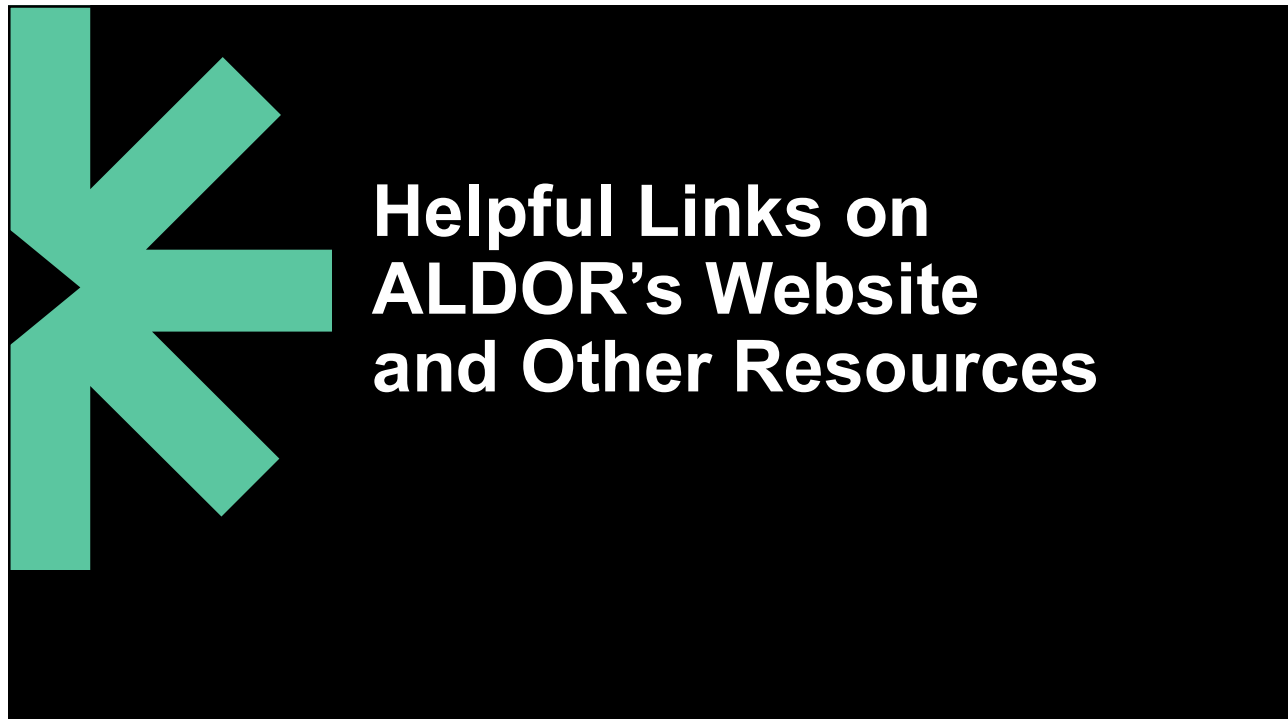
36

## Other Payroll-Related Taxes Not Administered by ALDOR

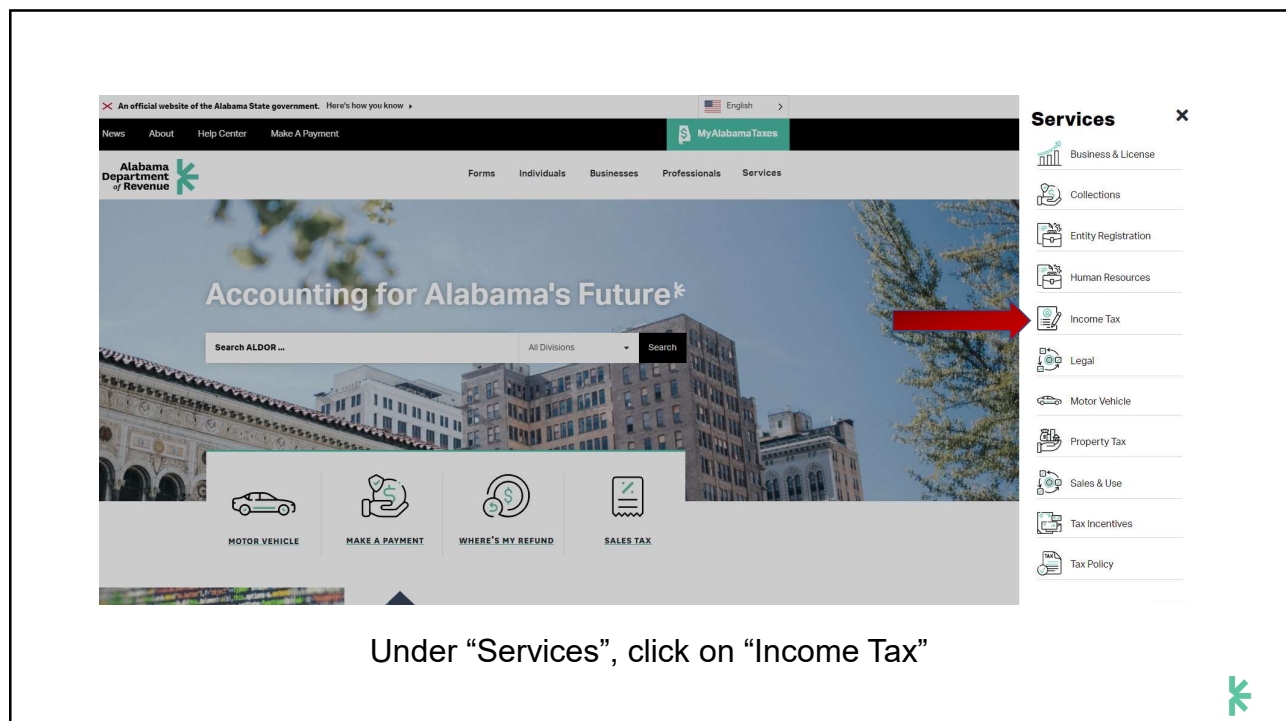
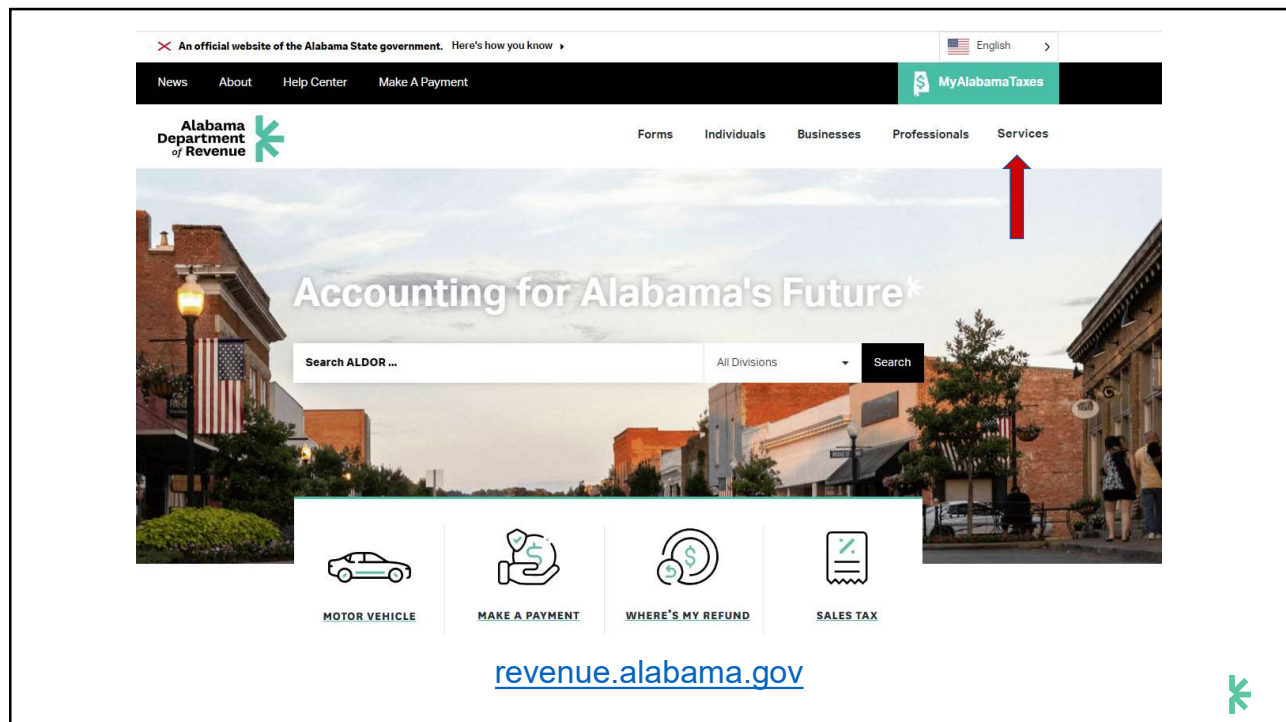
<u>FEDERAL</u> <i>See IRS Publication 15 at www.irs.gov</i>	<u>STATE</u> <i>See labor.alabama.gov</i>	<u>MUNICIPALITY / COUNTY</u> <i>See www.AtlasAlabama.gov for local government websites</i>
Form W-9 ( <i>Request for Taxpayer Identification Number and Certification</i> )  I-9 ( <i>Employment Eligibility Verification</i> )	Unemployment Tax	Occupational Taxes
Federal Unemployment Taxes (FUTA)	State Unemployment Insurance	
Social Security and Medicare Taxes	Unemployment Compensation Reports	



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► **Professionals**

▼ **Taxes Administered**

*Income Tax is responsible for the administration of individual income tax, business privilege tax, corporate income tax, partnerships, S-Corporation, fiduciary and estate tax, financial institution excise tax, and withholding taxes. For a complete listing of forms, visit the **forms** page.*

Business Privilege Tax

Individual Income Tax

Corporate Income Tax

Financial Institution Excise Tax

Fiduciary & Estate

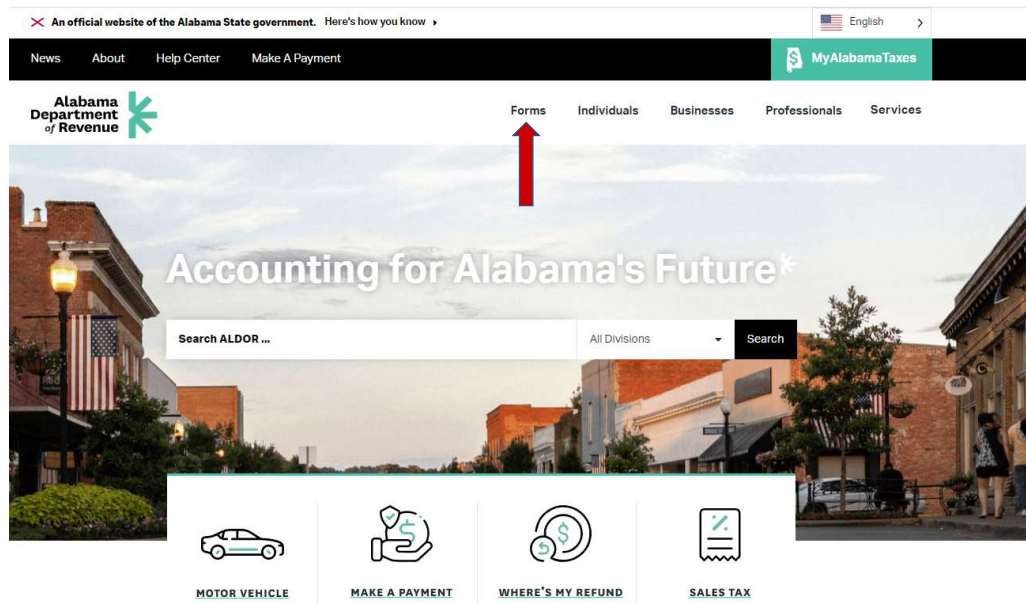
Partnerships

S-Corporations

Withholding Tax



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From the homepage ([revenue.alabama.gov](https://revenue.alabama.gov)), click on “Forms”



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✖ An official website of the Alabama State government. Here's how you know

English

News About Help Center Make A Payment

MyAlabama Taxes

Alabama Department of Revenue

Forms Individuals Businesses Professionals Services

## Forms

All forms will download as a PDF. Please refer to the list of mailing addresses for the appropriate forms.  
For income tax form orders, please use this contact form.

Homepage > Search A/DOR... All Divisions

**Filter Forms**

ADV-40

**Apply filter**

Form Year

2021

Categories

Personal Property

Service


Property Tax

**Remove filters**

Showing (1) out of (1) Forms

Form Number	Form Title	Form Year	Download
ADV-40	Tangible Personal Property Return	2021	<a href="#">Download</a>

\*To find a particular form, add as much information as possible in the filters



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## Alabama Department of Revenue Taxpayer Service Centers

The Alabama Department of Revenue has nine Taxpayer Service Centers located throughout the State to assist you. Contact information for the service centers can be found at:

<https://www.revenue.alabama.gov/help-center/>



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## Alabama Department of Revenue Contact Numbers

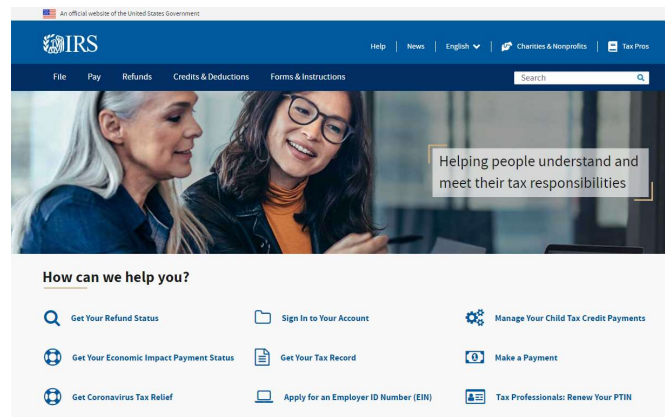
- 334-242-1170, Option #1 – Individual Income Tax
- 334-242-1170, Option #7 – Withholding Tax
- 334-242-1170, Option #6 – Corporate Tax
- 334-242-1170, Option #8 – Business Privilege Tax
- 334-242-1170, Option #6 – Pass-Through Entity
- 334-242-1189 – Certificate of Compliance
- 334-242-1584 – Business Registration
- 334-242-1490 – Sales and Use Tax



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## Internal Revenue Service

- [www.irs.gov/](https://www.irs.gov/)
- IRS Forms: 1-800-829-3676
- IRS Assistance: 1-800-829-1040
- FEIN: Submit Federal Form SS4 by mail or fax; or go to [www.irs.gov/](https://www.irs.gov/) and search for EIN online



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## Internal Revenue Service - Resources

The IRS has a series of [Small Business Tax Workshops](#) available online that are free and contain useful federal tax information for new business owners and employers. The topics include:

- [Federal Taxes and Your New Business](#)
- [Schedule C and Other Small Business Taxes](#)
- [Business Use of Your Home](#)
- [Federal Taxes When Hiring Employees or Independent Contractors](#)
- [Managing Payroll to Withhold the Correct Amount of Tax](#)



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## Internal Revenue Service - Resources

- [IRS Small Business & Self-Employed Tax Center](#) – The links on this webpage provide important information for all small businesses and self-employed individuals.
- [Publication 5557 - A Guide to Starting a Small Business](#)
- [Publication 4591 - Small Business Federal Tax Responsibilities](#)
- [Publication 583 - Starting a Business and Keeping Records](#)
- [Publication 334 - Tax Guide for Small Businesses](#)



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# Thank you for being ALDOR's B.E.S.T.!

B.E.S.T. Webinar presentations can be found at

[https://www.revenue.alabama.gov/b-e-s-t  
/webinar-series-schedule/](https://www.revenue.alabama.gov/b-e-s-t/webinar-series-schedule/)

Also available are B.E.S.T. Learning Modules at

[https://www.revenue.alabama.gov/b-e-s-t  
/watch-learning-modules-online/](https://www.revenue.alabama.gov/b-e-s-t/watch-learning-modules-online/)



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## Questions?

Please use the Q&A feature in Webex to ask  
the presenter questions or  
email [Carol.Murphy@revenue.alabama.gov](mailto:Carol.Murphy@revenue.alabama.gov) after the webinar.



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