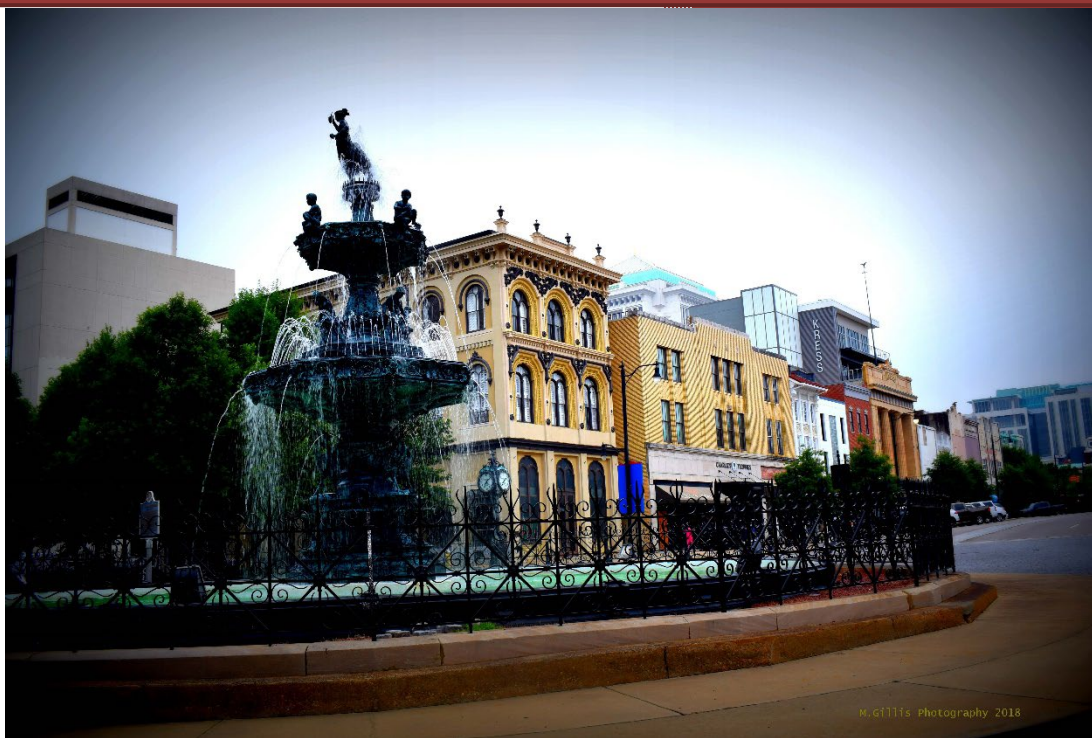


# 2022

## AL4163: ALABAMA BUSINESS MEF ELECTRONIC FILERS HANDBOOK



**For Electronic Filers who  
file Alabama Business Tax  
Returns/Reports  
electronically filed via the  
Federal/State MeF System  
for forms:**

**20C, 20CC, ET-1, 20S, 65,  
PTE-C, EPT, 41, CPT and  
PPT**



Alabama Department of Revenue  
Business Modernized Electronic Filing  
Publication AL4163 (11/2022)

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## Introduction & General Information

### ***Alabama Department of Revenue Mission Statement:***

The Alabama Department of Revenue will efficiently and effectively administer the revenue laws in an equitable, courteous and professional manner to fund governmental services for the citizens of Alabama.

### ***Overview of Modernized e-File Program (MeF):***

The Alabama Department of Revenue (ADOR), in conjunction with the Internal Revenue Service (IRS), is accepting the following tax forms for 2022/2023 by using the IRS' Modernized E-File system (MeF):

1. 20C - Alabama Corporate Income Tax
2. 20CC - Alabama Consolidated Corporate Income Tax
3. ET-1 – Alabama Financial Institution Excise Tax
4. 20S - S Corporation Information/Tax
5. 65 - Alabama Partnership/LLC
6. PTEC - Non-Resident Composite Return
7. EPT – Electing Pass-Through Entity Payment Return
8. 41 - AL Fiduciary Income Tax Returns
9. CPT - Alabama Business Privilege Tax Return and Annual Report For C-Corporations
10. PPT - Alabama Business Privilege Tax Return and Annual Report For Pass-Thru Entities

The transmission method will be a Web Service using Simple Object Access Protocol (SOAP) with attachments messaging. The return data will be formatted using Extensible Markup Language (XML). Authorized E-File providers, also known as Electronic Return Originators (ERO's) can submit returns to the IRS MeF system for federal and state return processing.

**Software developers must test with the ADOR and receive approval prior to submitting live returns.**

### ***General Information:***

**The Department will accept the following return types:**

- Linked (Forms 20C, ET-1, 20S, 65 and 41)
  - Unlinked (PTEC, EPT, 20CC, CPT and PPT)
1. Linked - The E-File Program works best when the Federal and State returns are filed together in one transmission to the IRS (although this is not always possible). Upon receipt, the Internal Revenue Service will validate and verify the federal return data. The IRS will either accept or reject the federal return. The state return is only available to the Department after the federal return is accepted by the IRS. If a Fed/State submission is rejected by IRS, the state will not receive the state return portion. The Fed/State submission must be re-submitted.
  2. Unlinked - IRS provides the ability for an ERO or individual to transmit/retransmit a state return through the fed/state system without simultaneously transmitting a federal return. There is no difference in the transmission sequence. State-Only returns are transmitted to the IRS, validated and made available for states to download in the same fashion as with the traditional fed/state transmission. This provides a means for individuals who file multiple state returns to have each participating state's return electronically filed. However, each state return must be transmitted separately. The taxpayer's federal return must be completed, transmitted and accepted by the IRS before transmitting/re-transmitting a State-Only return.

## Supported Alabama Forms:

The Department will support the following forms and schedules for Business Privilege Tax, Corporate Tax, Fiduciary Tax, and Pass-through tax return processing:

### Business Privilege Tax:

#### CPT – Business Privilege Tax Return and Annual Report (C-Corporation and Other Specified Entities)

- Schedule AL-CAR – Secretary of State Corporation Annual Report
- Worksheet BPT-NW (Balance Sheet – Net Worth Computation for Forms CPT and PPT)
- Schedule G – Financial Institution Group Computation Schedule
- WksCPTFinancialConsGrpComp – Worksheet CPT financial consolidated group computation is required to be supported when consolidated filing for financial institutions is supported.

#### PPT – Business Privilege Tax Return and Annual Report (Pass-Through Entities)

- Schedule AL-CAR (For S Corps) - Secretary of State Corporation Annual Report
- Worksheet BPT-NW (Balance Sheet – Net Worth Computation for Forms CPT and PPT)
- Worksheet BPT-NWI (Balance Sheet – Net Worth Computation for Disregarded Entities with Individual Single Member Only)
- Schedule BPT-E – Family Limited Liability Entity Election Form

### Corporate Tax:

#### 20C – Corporate Income Tax Return

- Schedule A – Reconciliation Adjustments of Federal Taxable Income to Alabama Taxable Income.
- Schedule B – Alabama Net Operating Loss Carryforward Calculations
- Schedule B-1 – Alabama Net Operating Loss Carryforward Acquisitions
- Schedule C – Allocation of Nonbusiness Income, Loss and Expenses
- Schedule D-1 – Apportionment Factor Schedule
- Schedule D-2 – Percentage of Sales
- Schedule E – Federal Income Tax (FIT) Deduction / Refund
- Other information
- Schedule BC – Business Credits Computation
- Schedule AB – Corporate Add Back Form
- Form KRCC-B – Recipient’s Share of Capital Credit for Business Entities, Including Trusts
- Schedule OZ – Gains Invested in Qualified Opportunity Zone Funds
- Consolidated return indicator – “This company files as part of a federal consolidated return.”
- Schedule FTI – Schedule of Adjustments to Federal Taxable Income
- Schedule CP-B – Composite Payments/Electing Pass-Through Entity Credits - Business

#### 20C-C – Consolidated Corporate Income Tax Return

- Schedule AS – Affiliation Schedule
- Schedule B – Alabama Consolidated Net Operating Loss Carryforward Calculation

## **ET-1 – Financial Institution Excise Tax Return**

- Schedule A – Reconciliation Adjustments of Federal Taxable Income to Alabama Taxable Income.
- Schedule B – Alabama Net Operating Loss Carryforward Calculations
- Schedule B-1 – Alabama Net Operating Loss Carryforward Acquisitions
- Schedule C – Allocation of Nonbusiness Income, Loss and Expenses
- Schedule D-1 – Apportionment Factor Schedule
- Schedule E – Federal Income Tax (FIT) Deduction / Refund
- Other information
- Schedule EC – Excise Credits Computation
- Form KRCC-B – Recipient’s Share of Capital Credit for Business Entities, Including Trusts
- Schedule OZ – Gains Invested in Qualified Opportunity Zone Funds
- Schedule FTI – Schedule of Adjustments to Federal Taxable Income
- Schedule CP-B – Composite Payments/Electing Pass-Through Entity Credits - Business
- Consolidated return indicator – “This company files as part of a federal consolidated return.”

## **Fiduciary Tax:**

### **41 – Fiduciary Income Tax Return**

- Schedule A – Computation of Alabama Income Distribution Deduction
- Schedule B – Alabama Charitable Deduction
- Schedule C – Computation of Alabama Adjusted Total Income
- Schedule K – Summary of K-1 Information
- K-1 for 41 – Fiduciary Income Tax Beneficiary Information
- NOL-F85 – Computation of Net Operating Loss
- NOL-F85A – Application of Net Operating Loss, Carryback and Carryforward
- Schedule G – Grantor Statement of Income, Deductions, Credits
- Schedule ESBT – Worksheet for Electing Small Business and Qualified Subchapter S Trusts
- Schedule D – Profit or Loss from Sales of Assets (Form 41)
- Schedule E – Supplemental Income and Loss (Form 41)
- Form 4952A – Investment Interest Expense Deduction
- Scheduled FC – Fiduciary Credit Calculation Schedule
- Form KRCC – Project/Distributing Entity Share of Capital Credit
- Schedule KRCC-B – Recipient’s Share of Capital Credit for Business Entities, Including Trusts
- Schedule CP-B – Composite Payments/Electing Pass-Through Entity Credits
- IRS1099R, IRS W-2, IRS W-2G (as utilized in the Form 41 Schema)
- All worksheets in the Form 41 Schema

## **Pass-through Tax:**

### **65 – Partnership/Limited Liability Company Return of Income**

- Schedule A – Nonseparately Stated Reconciliation Adjustments
- Schedule B – Allocation of Nonbusiness Income, Loss and Expenses
- Schedule C – Apportionment Factor Schedule
- Schedule D – Full Ownership (Disregarded Entities)
- Schedule E – Other Information
- Schedule K – Partners’ Distributive Share Items
- Schedule P – Ordinary Income or (loss) from Partnerships, S Corporations, Trusts and Estates.
- Schedule K-1 – Owner’s Share of Income, Deductions, Credits, etc.
- Schedule PAB – Pass-Through Add Back Form
- Schedule QIP-C – Qualified Investment Partnership Certificate

- Schedule PC – Pass-Through Credit Calculation Schedule
- Schedule NRC – Exempt – Subchapter K Affidavit of Exemption by Nonresident
- Form KRCC – Project/Distributing Entity Share of Capital Credit
- Schedule OZ – Gains Invested in Qualified Opportunity Zone Funds
- All worksheets in the Form 65 Schema

## **20S – S-Corporation Information / Tax Return**

- Schedule A – Nonseparately Stated Reconciliation Adjustments
- Schedule B – Allocation of Nonbusiness Income, Loss and Expenses
- Schedule C – Apportionment Factor Schedule
- Schedule D – Apportionment of Federal Income Tax (FIT)
- Schedule E – Alabama Accumulated Adjustments Account
- Schedule DE – Q-Sub/Disregarded Entity Schedule
- Schedule G – Other Information
- Schedule K – Shareholder’s Distributive Share Items
- Schedule K-1 –Shareholder’s Share of Income, Deductions, Credits, etc.
- Schedule PAB – Pass-Through Add Back Form
- Schedule NRA – S-Corporation Nonresident Agreement
- Schedule PC – Pass-Through Credit Calculation Schedule
- Form KRCC – Project/Distributing Entity Share of Capital Credit
- Schedule OZ – Gains Invested in Qualified Opportunity Zone Funds
- All worksheets in the Form 20S Schema

## **PTEC – Nonresident Composite Payment Return**

- Required Entity Information for Partnerships and LLCs
- PTE-CK1
- Schedule NRC – Exempt – Subchapter K Affidavit of Exemption by Nonresident
- Schedule PTE-AJA - Alabama Jobs Act- Investment Credit
- Schedule CP-B – Composite Payments/Electing Pass-Through Entity Credits

## **EPT – Electing Pass-Through Entity Payment Return**

- Schedule EPT-C – Electing Pass-Through Credits
- Schedule EPT-K1
- Schedule CP-B – Composite Payments/Electing Pass-Through Entity Credits

The **complete** federal return and the necessary supporting schedules as filed with the IRS are required to be attached in XML for the Alabama return to be considered complete. Failure to attach the complete federal return with the necessary supporting schedules may result in the imposition of delinquent penalties.

There are a few filing types which do not require the federal return to be attached:

1. Form PTEC
2. Form EPT
3. Form 20C - 20C Proforma Returns (filing status 5). The complete federal return should be transmitted with the parent who should file a Form 20CC.
4. Form CPT – Insurance Companies and Real Estate Investment Trusts do not have to attach the federal return.
5. Form PPT – Disregarded Entities are not required to attach the complete federal return.

### **Exclusions from Business Electronic Filing include:**

- Amended returns
- Returns that cannot be e-filed for federal purposes

Alabama will only accept one return each filing season, any subsequent filings such as additional short year returns and amended returns must be filed by paper.

**Please note:** The Department will generally not approve a request to waive the electronic filing requirement if the software purchased or licensed by a taxpayer or a return preparer does not include all of the features necessary to comply with the Modernized e-File requirements set forth in Department regulations, revenue procedures, publications, and other instructions posted to the <http://www.revenue.alabama.gov> website.

**The Department of Revenue encourages electronic filing; however, we neither support nor recommend any software company. You must address technical and support issues with the company whose product you select.**

**Please see the approved e-file Providers list at the following web address:**

<https://www.revenue.alabama.gov/individual-corporate/authorized-e-file-providers-for-corporate-partnership-and-business-privilege-income-tax/>

### **Reminders for Tax Year 2022 / Filing Season 2023:**

1. **For TY2019 returns and forward we can accept 8,500 K-1s, Schedule NRC, Schedule NRA, Schedule PTEC K-1, PTE-AJA and EPT-K1 for the forms 20S, 65, PTEC and EPT.**
2. The max occurrence for form AS is 500.
3. The maximum size per submission is 300MB. This includes the Alabama return, federal xml data and all attachments.
4. The state of Alabama allows a **10 Calendar** day period to re-transmit the corrected return. **The perfection period starts from the date the State of Alabama rejects the original submission.** The original submission id must be transmitted with the perfected return in the element named SubmissionID (located in the manifest). This way the original submission date can be populated in our system to prevent any late filing penalties being assessed.
5. For a company filing a form 20C who files as part of a consolidated federal return and all form 20CC, Consolidated Corporate Income Tax Returns, the following information is required to be attached:
  - a. Federal Form 851, Affiliations Schedule, please identify all corporations subject to tax in Alabama (Federal851.pdf)
  - b. Pages 1-6 of the consolidated form 1120 (Consolidated1120.pdf)
  - c. Consolidated Income Spreadsheet including the column that identifies any eliminations or adjustments that occur as a result of the federal consolidation rules (ConsolidatedIncome.pdf)
  - d. Consolidated Balance Sheets by separate company for the beginning and end of year (ConsolidatedBalance.pdf)
  - e. Copy of federal Schedule K-1 for each tax entity that the corporation holds an interest in at any time during the taxable year (FederalK1.pdf)
  - f. Federal Schedule UTP (FederalUTP.pdf)
  - g. Federal form M-3 for the entire federal consolidated group (FederalM3.pdf)

6. **Business Privilege Tax returns are filed separately from Business Income Tax return; therefore, Business Privilege Tax returns will have a separate Submission ID as well as a separate acknowledgement.**

**\*\*To avoid the most common cause of error rejections ensure you are using the most current version of your Vendor's software and any required or conditional binary attachments are physically attached and correctly named.\*\***

The Form AL8453-C, AL8453-FIE, AL8453-PTE, AL8453-B or AL8453-FDT must be completed and signed by all required parties. The ERO will retain Form AL8453-C, AL8453-FIE, AL8453-PTE, AL8453-B or AL8453-FDT along with a copy of the electronic tax return. Do not submit this form to the Alabama Department of Revenue unless requested to do so.

### **Contact Information:**

**\*\*\*\*Please always contact your software vendor first for assistance.\*\*\*\***

FOR TECHNICAL QUESTIONS REGARDING:

- The web site
- The XML Schema
- The Summary of the XML Schema (spreadsheet)
- Additional detail of schema elements
- The sample return
- The sample xml instance document
- Software testing and approval
- Business Rule Documents
- Missing acknowledgements
- Rejected returns

#### **CONTACT:**

Business MeF Coordinator, Pass Through and Fiduciary Tax

**Forms: 20S, 65, PTE-C, EPT and Form 41**

Income Tax Administration Division

Alabama Department of Revenue

P.O. Box 327450

Montgomery, AL 36132-7450

**Tymecca Pearson, Business MeF Coordinator at 334-353-2951**

**EMAIL:** [CORPORATE.EFILE@REVENUE.ALABAMA.GOV](mailto:CORPORATE.EFILE@REVENUE.ALABAMA.GOV) OR [tymecca.pearson@revenue.alabama.gov](mailto:tymecca.pearson@revenue.alabama.gov)

Business MeF Coordinator, Corporate Tax

**Forms: 20C, 20C-C, ET-1**

Income Tax Administration Division

Alabama Department of Revenue

P.O. Box 327450

Montgomery, AL 36132-7450

**Demetria Gordon, Business MeF Coordinator at 334-353-9129**

**EMAIL:** [CORPORATE.EFILE@REVENUE.ALABAMA.GOV](mailto:CORPORATE.EFILE@REVENUE.ALABAMA.GOV) OR [demetria.gordon@revenue.alabama.gov](mailto:demetria.gordon@revenue.alabama.gov)



Business MeF Coordinator, Business Privilege Tax

**Forms: CPT and PPT**

Income Tax Administration Division

Alabama Department of Revenue

P.O. Box 327450

Montgomery, AL 36132-7450

**Lanette Spence, Business MeF Coordinator at 334-353-2569**

**EMAIL:** [CORPORATE.EFILE@REVENUE.ALABAMA.GOV](mailto:CORPORATE.EFILE@REVENUE.ALABAMA.GOV) OR [lanette.spence@revenue.alabama.gov](mailto:lanette.spence@revenue.alabama.gov)

**For Paper Forms Questions regarding:**

- Form/schedule development
- Substitute forms approval

**CONTACT:**

Forms Coordinator, Corporate and Business Privilege Tax

**Forms: 20C, 20CC, ET-1, ET-1C, CPT and PPT**

Income Tax Administration Division

50 N Ripley St, Room 4227

Montgomery AL 36104

**Barbara Evans, Forms Coordinator at 334-353-0685**

**EMAIL:** [Barbara.Evans@revenue.alabama.gov](mailto:Barbara.Evans@revenue.alabama.gov) or [ICForms.Officer@revenue.alabama.gov](mailto:ICForms.Officer@revenue.alabama.gov)

**FAX:** 334-242-0064

**CONTACT:**

Forms Coordinator, Pass Through and Fiduciary Tax

**Forms: 20S, 65, PTEC, EPT and Form 41**

Income Tax Administration Division

50 N Ripley St, Room 4227

Montgomery AL 36104

**Andrea Wyatt, Forms Coordinator at 334-353-9447**

**EMAIL:** [Andrea.Wyatt@revenue.alabama.gov](mailto:Andrea.Wyatt@revenue.alabama.gov) or [ICForms.Officer@revenue.alabama.gov](mailto:ICForms.Officer@revenue.alabama.gov)

**FAX:** 334-242-0064

**For Business Privilege Tax questions regarding:**

- Business Privilege Tax Laws and Regulations
- Filing requirements
- General correspondence
- Billings
- Refunds
- Name and address changes
- Preliminary and Final Assessments

**CONTACT:**

Business Privilege Tax Section  
Income Tax Administration Division  
Alabama Department of Revenue  
P.O. Box 327900  
Montgomery, AL 36132-7900

**TELEPHONE:** 334-242-1170, Option 8

**EMAIL:** <https://revenue.alabama.gov/contact/>

Select Individual & Corporate Income Tax/Business Privilege Tax: Questions and Forms CPT, PPT, BPT-IN

**FAX:** 334-242-8915

**For Corporate Income Tax questions regarding:**

- Corporate Income Tax Laws and Regulations
- Filing requirements
- General correspondence
- Billings
- Refunds
- Name and address changes
- Preliminary and Final Assessments

**CONTACT:**

Corporate Income Tax Section  
Income Tax Administration Division  
Alabama Department of Revenue  
P.O. Box 327430  
Montgomery, AL 36132-7430

**TELEPHONE:** 334-242-1170, Option 6

**EMAIL:** <https://revenue.alabama.gov/contact/>

Select Individual & Corporate Income Tax/Corporate Income Tax Questions

**FAX:** 334-242-2537

**For Pass-Thru Entity Questions (S Corporation, Partnership and Fiduciary Tax) regarding:**

- Income Tax Laws and Regulations
- Filing requirements
- General correspondence
- Billings
- Refunds
- Name and address changes
- Preliminary and Final Assessments

**CONTACT:**

Pass-Thru Entity Unit  
Income Tax Administration Division  
Alabama Department of Revenue  
P.O. Box 327441  
Montgomery, AL 36132-7441

**TELEPHONE:** 334-242-1170, Option 6

**EMAIL:** <https://revenue.alabama.gov/contact/>

Select Individual & Corporate Income  
Tax/Fiduciary/Estates/Partner/Scorps/Trusts:Pass Thru Entities: Forms 20S, 65,  
PTEC, EPT, 41

**FAX:** 334-242-1030

**Other information:**

Alabama's website - [www.alabama.gov](http://www.alabama.gov)

Alabama Department of Revenue website – [www.revenue.alabama.gov](http://www.revenue.alabama.gov)

Alabama Business Modernized Electronic Filing (MeF) – <https://www.revenue.alabama.gov/individual-corporate/alabama-business-modernized-electronic-filing-mef/>

Internal Revenue Service (IRS) – [www.irs.gov](http://www.irs.gov)

IRS Modernized e-file (MeF) information website - [https://www.irs.gov/tax-professionals/e-file-providers-partners/modernized-e-file-program-information?\\_ga=1.124978634.1563420703.1401905032](https://www.irs.gov/tax-professionals/e-file-providers-partners/modernized-e-file-program-information?_ga=1.124978634.1563420703.1401905032)

Federation of Tax Administrators (FTA) – [www.taxadmin.org](http://www.taxadmin.org)

## **State of Alabama MeF Program Rules and Regulations**

### ***Participation in the MeF Program:***

Those who wish to participate in the Federal/State Electronic Filing Program must first apply to the IRS using the online form. Information for Authorized IRS e-file Providers and Publication 3112, IRS e-file Application and Participation specifies the application process and requirements for federal participation. In order to begin e-filing tax returns, you must apply and be accepted as an Authorized IRS e-file Provider. The quickest way to apply is to use the IRS e-file Application On-Line.

The ADOR automatically accepts electronic filers (electronic return originators and transmitters) which have been accepted to participate in the Federal Electronic Filing Program. No additional registration is required on the part of electronic filers. This document, **Publication AL4163 Alabama Handbook for Electronic Filers of Corporate/Partnership Income Tax Returns** is to be used in conjunction with **IRS Publication 4163**.

IRS Publication 4163 provides detailed instructions on policies and procedures for the federal electronic filing program. All rules, regulations, and requirements governing tax preparers, transmitters, and originators of returns specified by the IRS are in effect for the ADOR. Together the documents specify

the requirements for the joint electronic filing of Alabama corporate or partnership income tax returns and federal corporate or partnership income tax returns. **Therefore, electronic filers are encouraged to become thoroughly familiar with both documents.**

### ***ERO and Transmitters Responsibilities:***

Electronic Return Originators (EROs) and transmitters must be approved with the IRS in order to submit Fed/State (Linked/Unlinked) or State-Only (Unlinked) returns. EROs and transmitters must maintain a high degree of integrity, compliance, and accuracy to continue participation in the Alabama Electronic Filing Program.

### **CONFIDENTIALITY**

Unauthorized access or disclosure of confidential taxpayer information will result in severe Federal and Alabama criminal and civil penalties. In accordance with Code of Alabama 1975, §40-2A-10 disclosure of confidential information in violation of this statute is a class A misdemeanor.

### **COMPLIANCE**

Alabama participates in the federal/state electronic filing program. Therefore, any software developed must meet **all** federal **and** state requirements. The following guidelines compliment IRS.

- Comply with all federal and state procedures, requirements and specifications as defined in the following publications:
  - IRS Publications 4163 - *Modernized e-File Information for Authorized IRS e-file Providers of Forms 1120/1120S*
  - IRS Publication 4164 - *Modernized e-File Guide for Software Developers and Transmitters*
  - Alabama Publication AL4163 – *Alabama Handbook for Electronic Filers of Business Income Tax Electronic Filing Income Tax Returns*
  - Alabama Publication AL4164 - *Software Developers and Transmitters Guidelines and Schemas for Business Income Tax Returns*
  - Alabama Publication AL4162 - *Alabama Business Income Tax Electronic Filing Test Package*

### **Responsibility to Clients:**

EROs are entrusted with the task of filing a client's tax return and must assume the responsibility of ensuring that the return arrives at the Alabama Department of Revenue. In the event that the electronic Alabama return fails to arrive at its destination, EROs must notify their clients of the requirement to file a paper return.

### **Form Retention Requirements:**

The ERO is required to retain an electronic copy of all returns, form AL8453-C, AL8453-FIE, AL8453-PTE, AL8453B and/or AL8453-FDT, and schedules submitted for a period of **three years from the due date of the return or the date the return was filed**, whichever is later. If the need arises, the Department may request any of the documents, in writing, and the ERO must provide a copy of the document within five working days of the request.

Should an ERO decide to no longer remain in the business, the Department must be notified, in order to, determine the proper resolution of electronic filing program documents and records.

## ***Monitoring and Suspension of Electronic Submission Policy:***

The Department will monitor the quality of electronic transmissions. If the quality is unacceptable, the Department will contact the ERO, software developer or transmitter. The Department will also monitor complaints about electronic filers and issue warning or suspension letters as appropriate. **The Department reserves the right to suspend the electronic filing privilege of any electronic filer, software developer or transmitter who varies from the requirements, specifications and procedures stated in this guide, on Form ESA-B or any corresponding administrative rules, or who does not consistently transmit error-free returns.** When suspended, the electronic filer, software developer, or transmitter will be advised of the requirements for reinstatement into the program.

## ***E-File Waiver Policy:***

Software Limitations: The Department will generally not approve a request to waive the electronic filing requirement if the software purchased or licensed by a taxpayer or a return preparer does not include all of the features necessary to comply with the Modernized e-File requirements set forth in Department regulations, revenue procedures, publications, and other instructions posted to the [www.revenue.alabama.gov](http://www.revenue.alabama.gov) website.

## ***Alabama Electronic Filing Regulations:***

Please visit the following website for the most current Alabama E-File regulations:  
<https://revenue.alabama.gov/legal/>.

Corporate / S-Corporate Tax Rules: 810-3-39

Business Privilege Tax Rules: 810-2-8

Fiduciary Tax Rules: 810-3-29

Partnership Tax Rules: 810-3-28

Act 2017-363 (HB46) - PTIN Bill

<http://arc-sos.state.al.us/cgi/actdetail.mbr/detail?page=act&year=2017&act=363>

## ***Frequently Asked Questions Regarding the Mandate Regulations:***

### **Q. Are the Business Privilege Returns, Forms CPT and PPT, mandated to e-file?**

A. The PPT and CPT are not under mandate with the exception of Financial Institution Groups. For the determination periods beginning on and after January 1, 2015 Financial Institution Groups are mandated to electronically file all Alabama original business privilege tax returns for that calendar year and all subsequent tax years. 810-2-8-.16 (3)(a)

### **Q. Is the Fiduciary Income Tax Return, Form 41, under the e-file mandate?**

A. Mandatory e-filing for Form 41 - Regulation 810-3-29-.08 was approved by the Alabama Department of Revenue and became effective December 15, 2015. It applies to all fiduciary returns required to be filed for taxable years beginning on and after January 1, 2016.

**Q. When is the Corporate/Partnership Income Tax e-file mandate effective?**

A. March 4th, 2010 and applies to acceptable corporate/partnership income tax returns required to be filed for taxable years beginning on and after January 1, 2009.

**Q. How does a preparer know if he or she is required to electronically file a corporate/partnership return?**

A. (1) If an income tax return preparer prepares 25 or more acceptable, original corporate/partnership income tax returns using tax preparation software in a calendar year, then for that calendar year and for each subsequent calendar year thereafter, all acceptable corporate/partnership income tax returns prepared by that income tax preparer must be filed using electronic technology, as defined in the “Electronic Tax Return Filing Act,” as codified in Chapter 30 of Title 40, Code of Alabama 1975.

**Q. How does a preparer know if he or she is required to electronically file a Fiduciary return?**

A. 810-3-29-.08(3)(a) If an income tax return preparer prepares 25 or more acceptable, original fiduciary income tax returns using tax preparation software in a calendar year, then for that calendar year and for each subsequent calendar year thereafter, all acceptable fiduciary income tax returns prepared by that income tax preparer must be filed using electronic technology, as defined in the “Electronic Tax Return Filing Act,” as codified in Chapter 30 of Title 40, Code of Alabama 1975.

(b) Paragraph (3a) of this rule, applies to acceptable fiduciary income tax returns required to be filed for taxable years beginning on and after January 1, 2016.

**Q. If there an Opt-Out provision?**

A. No, there is no opt-out provision for corporate/partnership/fiduciary mandate.

**Q. When is a self-prepared corporate or partnership return included in the mandate?**

A. Corporations with assets of \$5 million or more, or partnerships with 50 or more partners at the end of the corporation/partnership’s taxable year are mandated to e-file Alabama corporate/partnership income tax returns, for that calendar year and all subsequent tax years.

**Q. When is a self-prepared Fiduciary return included in the mandate?**

A. 810-3-29-.08(4)(a) Estates/Trusts with 20 or more beneficiaries at the end of the Estate/Trust’s taxable year are mandated to e-file Alabama fiduciary income tax returns, for that calendar year and all subsequent tax years.

## **Information Applicable to All Forms**

### ***Transmitting the Returns:***

Authorized E-File providers can transmit returns to the IRS MeF system for Federal and State return processing. State submissions can be made as a Federal return with a State Return attached, a linked Fed/State return, or just a State return, known as a State Only or unlinked submission (*a complete copy of the federal return as filed with the IRS must also be attached to a state only submission*). Each return (Fed/State or State Only) must be in a separate submission. Multiple submissions can be contained in a single message payload.

Packaging of data and transmission payload must be in the proper format.

Returns filed in XML format with SOAP attachments allow for binary attachments to the submission. These attachments may consist of Signature documents, balance sheets, statement records, or other

types of documentation. The allowed file type for attachments is file extension .PDF. The file order of attachments and procedures must follow IRS requirements for binary attachments as found in IRS publication 4163. The Department will allow for binary attachments to the state return. Send data elements only if they contain data values. Do not send empty data elements (i.e., zero financial fields, unused elements, etc.)

#### Other Packaging Guidelines:

- A submission contains either an IRS return or a state return
- Each submission is a separate file.
- Each federal return must be submitted in the agreed upon IRS XML format.
- Each state return must be submitted in the XML format specified and agreed to by IRS, state agencies, transmitters, and software developers.
- Each state return must include a copy of the FEDERAL RETURN as submitted to the IRS and any attachments associated with that federal return in XML.
- If the IRS rejects a Fed/State submission, the state will **NOT** receive the state return portion. The Fed/State submission must be resubmitted.
- Each submission must be in Zip Archive format.
- No nesting of Zip archive files or returns will be allowed. (i.e. one submission, one zip.)
- The SOAP message itself must not be compressed or zipped.
- The message contains a header, a body, and an attachment. See Modernized E-File Logical ICD Model for message layout and message technical specifications.
- ERO's and transmitters must be approved with the IRS in order to submit Fed/State or State Only returns.
- The Department will produce an acknowledgement of acceptance or rejection for each state submission. The transmitter may then retrieve the Department's acknowledgement from the IRS.

#### **Transmitting Consolidated Corporate Income Tax Returns:**

The Consolidated Form 20CC will be packaged independently in a submission.

The Form 20C Filing Status 5 subsidiary will be packaged independently in a submission.

Separate submissions may be packaged in the same transmission therefore the Forms 20CC and 20C Filing Status 5 proforma returns may be transmitted together. The Form 20C Filing Status 5 return is the **only** return that is not required to submit the complete federal return and attachments as submitted to the IRS.

#### ***Attachments to the Electronic return:***

The tax return may also include non-XML documents, known as “binary attachments”, submitted in PDF format. Approved tax preparation software must provide the necessary instructions for creating and submitting all required attachments. These attachments include items from the following sources:

- Required by the return. Example – a line on the form states “attach itemized schedule”
- Required by the form instructions. Example – instructions state “attach a statement to line XX...”

Approved MeF tax preparation software should provide the necessary instructions for creating, scanning, or exporting documents in PDF format and submitting these documents as attachments that are required by Alabama and IRS Publications, Code, and/or Regulations. Preparers will create the binary attachments as pdf documents and submit them as electronic files attached to the MeF return. Check with your software provider to see if your software will support binary attachments.

These binary attachments are included to allow taxpayers the ability to provide requested documentation that includes required signatures and third-party documents as required by forms and instructions (signed copy of lease, signed appraisal statement, etc).

**Alabama programming will validate binary attachments by proper location and required title.** Also, the number of attachments will be verified. If the total number of binary attachments in the XML does not match the number of pdf attachments the return will be rejected.



CONDITIONAL: Forms 20C and 20CC	BINARY ATTACHMENT TITLE
If the Multistate Corporation Separate Accounting checkbox (MultiStateCorpSepAcct) is checked. A copy of the Separate Accounting Approval letter signed by the Commissioner of Revenue must be attached.	SeparateAccountingApproval.pdf (Rule AL20C-009a)
If State Proforma checkbox is populated then a copy of the subsidiary's separate 1120 proforma (prepared for AL State purposes) must be attached.	AL1120Proforma.pdf (RuleAL20C-010)
Consolidated 1120 Pages 1-5 (If applicable)	Consolidated1120.pdf (Rule AL20C-011a, AL20CCH-001b)
Federal Form 851 (if applicable)	Federal 851.pdf (Rule AL20C-011a, AL20CCH-001b)
Consolidated Income Statements (if applicable)	ConsolidatedIncome.pdf (Rule AL20C-011a, AL20CCH-001b)
Consolidated Balance Sheets (if applicable)	ConsolidatedBalance.pdf (Rule AL20C-011a, AL20CCH-001b)
Alabama Form 2220AL Underpayment of Estimated Tax for Corporations (if applicable)	Form2220AL.pdf (20C)/AL2220.pdf (20C-C). (Rule AL20C-015b, AL20CC-004)
If StateAndLocalIncomeTaxes and TaxRefunds are populated then a pdf showing a detailed schedule of taxes from the federal form 1120, Line 17.	OtherTaxes.pdf (Rule SA-AL20C-001)
.PDF copy of each Alabama corporate income tax return (page 1 only) where the Net Operating Loss listed on Schedule B that is more than six years old	NOLYYYYAL20CPg1.pdf (Rule SB-AL20C-001b, SB-AL20CC-001b)
If NetFITDeductionRefund (20C, Sch E, Line 12/20C, Line 11) is not equal to zero and the ConsolidatedReturnIndicator (20C Header 14) is populated then a PDF named 1552a1.pdf or Statements.pdf must be attached.	1552a1.pdf or Statements.pdf (Rule SE-AL20C-011)
Enterprise Zone Capital Credit calculations (if applicable) - This PDF should include Schedule EZ, Certificates and all calculations.	EnterpriseZoneCredit.pdf or CreditStatements.pdf if combined with other credit statements. (Rule SBC-AL20C-001)
Basic Skills Education Credit – The approved certification notice issued by the Alabama Department of Education must be attached.	BasicSkillsCert.pdf or CreditStatements.pdf if combined with other credit statements. (Rule SBC-AL20C-009b)
Coal Tax Credit calculations (if applicable) - This PDF should include a detailed schedule computing the coal tax credit.	CoalCredit.pdf or CreditStatements.pdf if combined with other credit statements. (Rule SBC-AL20C-015)
Alabama New Markets Development Act – detailed schedule of computations for credit	NoticeofCert.pdf or CreditStatements.pdf. (Rule SBC-AL20C-015)
Port Credit – please attach a copy of the approved certificate from the AL Renewal Commission.	PortCredit.pdf (Rule SBC-AL20C-040)
Alabama 20CCRE – Election to File Consolidated Income Tax Return (if applicable)	AL20CCRE.pdf (RuleAL20CC-006)

<b>CONDITIONAL: Form ET1</b>	<b>BINARY ATTACHMENT FILE</b>
If the Multistate Corporation Separate Accounting checkbox (MultiStateCorpSepAcct) is checked. A copy of the Separate Accounting Approval letter signed by the Commissioner of Revenue must be attached.	SeparateAccountingApproval.pdf (ALET1-009a)
If State Proforma checkbox is populated, then a copy of the subsidiary's separate federal proforma (prepared for AL State purposes) must be attached.	ALFederalProforma.pdf (ALET1-010)
Federal Form 851 (if applicable)	Federal851.pdf (ALET1-011a)
Consolidated Income Statements (if applicable)	ConsolidatedIncome.pdf (ALET1-011a)
Consolidated Balance Sheets (if applicable)	ConsolidatedBalance.pdf (ALET1-011a)
If the ConsolidatedFederalIndicator is populated and NetFITDeductionRefund is not equal to zero an attachment showing detailed information from the federal form must be attached.	1552a1.pdf or Statements.pdf (ALET1-011c, SE-ALET1-009)
If St2220EAttachedIndicator is populated, then a copy of the AL2220E must be attached.	Form2220EAL.pdf (ALET1-015b)
If StateAndLocalIncomeTaxes and TaxRefunds are populated then a pdf showing a detailed schedule of taxes from the federal form must be attached.	OtherTaxes.pdf or Statements.pdf (SA-ALET1-001)
If Net Operating Loss Year End, Column 1 is less or equal to 20161231, then a copy of Page 1 of the Alabama financial institution excise tax return must be attached.	NOLYYYYALET1Pg1.pdf (SB-ALET1-001b)
Capital Tax Credit (if applicable) - This PDF must include Form K-RCC if applicable.	KRCCReceived.pdf (SEC-ALET1-025)
If Column C (GainsInOZFundInfo/DefGainFromFed8949) is transmitted, then the federal Schedule 8949 must be located in the federal XML. If not, then the Schedule 8949 must be attached via pdf.	FedSch8949OZ.pdf (SchOZ-ALET1-001)
<b>CONDITIONAL: Forms CPT and PPT</b>	<b>BINARY ATTACHMENT TITLE</b>
If type of taxpayer is Insurance Company then a pdf including the Annual Statements of Liabilities, Surplus, and Other Funds must be attached.	Liability.pdf (ALCPT-003a, ALPPT-026b)
If type of taxpayer is Insurance Company then a pdf including the Schedule T (Premiums and Annuity Considerations) must be attached.	ScheduleT.pdf (ALCPT-003a, ALPPT-026b)
If type of taxpayer is Insurance Company then a pdf including pages 1-8 of the Federal Return (Form 1120PC or 1120L) must be attached.	Federal.pdf (ALCPT-003a, ALPPT-026b)
If type of taxpayer is Real Estate Investment Trust then a pdf including pages 1-5 of the Federal Return must be attached.	Federal.pdf (ALCPT-003b)

Book Value of Investments – This pdf should include a listing for each separate investment, the name of the taxpayer, the taxpayer’s FEIN, the taxpayer’s address and the book value of the investment.	Investment.pdf or ExclDedStmts.pdf (ALCPT-015, ALPPT-031)
Book Value of Investments (Financial Institution exclusion) – This pdf should include a listing for each separate investment, name of entity, entity’s FEIN, entity’s address and book value of the investment.	FinInsInvestment.pdf (ALCPT-016b)
Goodwill – This pdf should include for each direct purchase the goodwill originally acquired, the date the direct purchase occurred, accumulated amortization, the name and location of the business acquired and the name and FEIN of the entity that acquired the business and goodwill.	Goodwill.pdf (ALCPT-017, ALPPT-032)
Unamortized Post-Retirement benefits – This pdf should include a description of benefits, amortization schedule, and the line detail of the post-retirement benefits on the balance sheet.	UnamortizedPostRetirement.pdf or ExclDedStmts.pdf (ALCPT-018, ALPPT-033)
Amount Adjusted Net Worth Exceeds 6% - This pdf should include the computation of the amount claimed.	AdjustedNetWorthFI.pdf (ALCPT-019b)
Apportionment Factor – If TypeOfTaxpayer is Financial Institution Group Member "F" then Form ET-1-showing the apportionment factor calculations should be attached.	ApportionmentFactor.pdf (ALCPT-022c)
Net Investment in Bonds – This pdf should include the net amount invested, issuing agency, issuance date, and how the investment is reported on the taxpayer’s balance sheet.	BondSecurity.pdf or ExclDedStmts.pdf (ALCPT-024, ALPPT-038)
Net Investment in Pollution Control – This pdf should include supporting documentation.	PollutionControl.pdf or ExclDedStmts.pdf (ALCPT-025, ALPPT-039)
Reserves In Alabama – This pdf should include the applicable law or regulation that establishes the taxpayer’s liability, computation of that liability, and identify the location of the plant, facility, mine or site in Alabama.	AlabamaReserves.pdf or ExclDedStmts.pdf (ALCPT-026, ALPPT-040)
Investment in Housing – The pdf should include the name of the project, the FEIN of the project, the site of the project, the net amount invested in the project and it must identify how the investments are reported on the taxpayer’s balance sheet.	HousingProject.pdf or ExclDedStmts.pdf (ALCPT-027, ALPPT-041)
Enterprise Zone Credit – The pdf should include documentation from ADECA (Alabama Dept. of Economic and Community Affairs) reporting the amount of credit the taxpayer is entitled to claim.	ALEnterpriseCrdt.pdf or ExclDedStmts.pdf (ALCPT-032, ALPPT-046)
Consolidated Return Indicator is checked on Schedule G then a pdf worksheet that lists Form CPT information (lines 1-20 of page 2) for each member included in the financial institution group must be attached.	FinInsConsol.pdf (ALCPT-033d)

Zero Apportionment Factor checkbox – The pdf should give an explanation for the zero apportionment factor.	zeroapportstmt.pdf (SD1-ALCPT-074, SC-ALPPT-074b)
If Schedule G, Consolidated Return Indicator is populated then	FinInstCPTPage2.pdf (SG-ALCPT-006b)
If Family LLE indicator is populated then attach working papers that includes the following information to clearly explain the nature and amounts of the calculation for the 80% ownership test and the 90% gross receipts test: 1) Address each item listed on Schedule BPT-E, if applicable. 2) The amounts for the individual assets named in the assets test should be detailed with indication of where included on the balance sheet and the breakdown of the line amount, if necessary. 3) The amounts for the gross receipts test should be detailed with the indication of where included on the Schedule K or other Form/Schedule.	Familylle.pdf (Rule ALPPT-011b, SBPTE-ALPPT-002b, SBPTE-ALPPT-003c, SBPTE-ALPPT-004c)
If Disregarded Entity Parent is not subject and Single Member SSN is populated then attach a pdf document that includes Schedule C, Schedule C-EZ, Schedule E or Schedule F from the individual owner’s tax return (or the federal individual income tax return named federal.pdf).	DEIncomeLoss.pdf or Federal.pdf (see rule ALPPT-023b)
<b>CONDITIONAL: Form 65, 20S, PTEC, and EPT</b>	<b>BINARY ATTACHMENT TITLE</b>
If multistate corporate accounting, filing status 3, is selected a pdf must be attached explaining why the entity is utilizing allocation or separate accounting	SeparateAccounting.pdf (AL20S-007, AL65-009)
If Costs of Good Sold is populated on line 2 a copy of IRS1125A must be attached in the federal return or in a pdf copy.	IRS1125A.pdf (AL20S-011b, AL65-013b)
If Net Gain or Loss is populated on line 4 or on (Schedule K, Line 9 federal amount) a copy of the IRS4797 must be attached in the federal return or in a pdf copy.	IRS4797.pdf (AL20S-013b, SK-AL20S-011)
If Depreciation is claimed on line 14 the IRS4562 must be included with the federal return or attached in a pdf copy.	IRS4562.pdf (AL20S-023b)
If net rental income or loss is reported on Schedule K then IRS8825 must be included with the federal return or attached as a pdf.	IRS8825.pdf (SK-AL20S-001, SK-AL20S-002, SK-AL65-001, SK-AL65-002a)
If the Enterprise Zone Credit is claimed on the PC then a detailed schedule of computations or documentation must be attached.	EnterpriseZoneCredit.pdf or CreditStatements.pdf (SPC-AL20S-001, SPC-AL65-001)
If Basic Skills Education Credit is claimed on the PC, then the attachment must include a copy of the document of approval along with a detailed schedule computing the credit reported.	BasicSkillsEdCrdt.pdf or CreditStatements.pdf (SPC-AL20S-003, SPC-AL65-003)

If AL New Market Development Credit is claimed on the Schedule PC, then attach a detailed schedule of the credit computations.	ALNewMarketDevCredit.pdf or CreditStatements.pdf (SPC-AL20S-007, SPC-AL65-007)
If a credit is claimed for taxes paid to a foreign country, attach a copy of the return.	ForeignTaxReturn.pdf (SPC-AL20S-017c, SPC-AL65-017c)
If the Alabama renewal act – port credit is claimed attach a copy of the approved certification from the Department of Commerce.	ALPortCredit.pdf (SPC-AL20S-022, SPC-AL65-022)
If a KRCC was received by the entity it must be attached via XML.	KRCCReceived.pdf (SPC-AL20S-050, SPC-AL65-049)
When claiming the Historic Structures Credit of 2017 please attach a copy of tax certificate issued by the commission.	HistoricStructuresCrtd17.pdf (SPC-AL20S-042, SPC-AL265-042)
If Net Farm Profit or Loss is populated on line 5 the IRS Schedule F must be included in the federal return or attached via pdf.	IRSScheduleF.pdf (AL65-016b)
On the Schedule E, Form 65, documentation should be attached to support any items reported on lines 5a, 5b, 6a or 6b.	OtherInformation.pdf (SE-AL65-001)
On the Schedule K, Form 65, if 1231 gain or loss is reported then the IRS form 4797 must be included in the federal return or attached via pdf.	IRS4797.pdf (SK-AL65-012, AL65-017b)
If St2220AttachedIndicator is populated, then a copy of the AL2220 must be attached in a pdf copy.	Form2220AL.pdf (ALEPT-004)
<b>CONDITIONAL : Form 41</b>	<b>BINARY ATTACHMENT TITLE</b>
Schedule FC, Line 16, If taking a credit for income tax paid to another state.	OtherStateRtn.pdf (AL41-17)
If claiming a composite payment, a copy of the K-1s reporting the payment amounts must be attached.	CompositePmt.pdf (AL41-22a)
Capital Credit on Schedule FC– If claimed then the form KRCC must be attached	KRCC41.pdf (SFC-AL41-054)
If claiming taxes paid to another state on the Schedule FC, the other state return must be attached.	OtherStateRtn.pdf (SFC-AL41-002b)
If credit is claimed for taxes paid to a foreign country, then a copy of that tax return must be attached.	ForeignTaxReturn (SFC-AL41-009c)
If an interest deduction is claimed on Schedule C, then an attachment should be sent explaining the amount reported in detail.	SchCInterest.pdf (SC-AL41-007)
If Sect B, Part C, Line 3 is greater than zero a Notice of Certification must be attached as a pdf named NewMarketsDevelCrtd.pdf.	Schedule FC (SFC-AL41-021)

**For all other binary attachments, the tax preparation software must provide the taxpayer the ability to enter a meaningful name. The following table provides a few examples of meaningful names.**

<b>CONDITIONAL: Forms 20C, 20CC, 20S, 65 and PTEC</b>	<b>BINARY ATTACHMENT TITLE</b>
If the regulations require you to attach a merger agreement.	1120 Merger Agreement for XYZ Corporation or Statements.pdf if combined with other statements
If required to attach a detailed schedule of Other Income.	OtherIncome.pdf or Statements.pdf if combined with other statements
If required to attach a schedule of Other Property for Schedule D1 (Form 20C).	SchedD1OtherProperty.pdf or Statements.pdf if combined with other statements
If shareholder notes are more than 40 characters (20S/65 – K-1)	ShareholderNotes.pdf or K1Statements.pdf
If state notes are more than 20 characters (20S/65 K-1)	StateAdditionalInformation.pdf or K1Statements.pdf

<b>CONDITIONAL : Forms CPT and PPT</b>	<b>BINARY ATTACHMENT TITLE</b>
If Schedule G, Consolidated Return Indicator is populated then WksCPTFinancialConsGrpComp must be populated for each member OR a pdf proforma.	FinInstCPTPage2.pdf (Rule SG-ALCPT-006b)
If Other Current Assets BOY and/or EOY is populated then attach a pdf document that lists the other current assets.	OtherCurrentAssets.pdf or WksNetWorthStmts.pdf (Rules WksBPTNW-ALCPT-003 and WksBPTNW-ALCPT-004, WBPTNWI-ALPPT-003, WBPTNWI-ALPPT-004, WBPTNW-ALPPT-003, WBPTNW-ALPPT-004)
If Other Investments BOY and/or EOY is populated then attach a pdf document that lists other investments.	OtherInvestments.pdf or WksNetWorthStmts.pdf (Rules WksBPTNW-ALCPT-005, WksBPTNW-ALCPT-005, WBPTNWI-ALPPT-005, WBPTNWI-ALPPT-006, WBPTNW-ALPPT-005, WBPTNW-ALPPT-006)
If Other Assets BOY and/or EOY is populated (Form PPT), then attach a pdf document that lists other fixed assets.	OtherFixedAssets.pdf or WksNetWorthStmts.pdf (Rules WBPTNWI-ALPPT-013 and WBPTNWI-ALPPT-014)
If Other Assets BOY and/or EOY (Form CPT) is populated then attach a pdf document that lists other assets.	OtherAssets.pdf or WksNetWorthStmts.pdf (Rules WksBPTNW-ALCPT-013, WksBPTNW-ALCPT-014, WBPTNW-ALPPT-013, WBPTNW-ALPPT-014)
If Other Current Liabilities BOY and/or EOY is populated then attach a pdf document that lists other current liabilities.	OtherCurrentLiabilites.pdf or WksNetWorthStmts.pdf (Rules WksBPTNW-ALCPT-017, WksBPTNW-ALCPT-018, WBPTNWI-ALPPT-017, WBPTNWI-ALPPT-018, WBPTNW-ALPPT-017, WBPTNW-ALPPT-018)
If Other Liabilities BOY and/or EOY (Form CPT) is populated then attach a pdf document that lists other liabilities.	OtherLiabilities.pdf or WksNetWorthStmts.pdf (Rules WksBPTNW-ALCPT-021, WksBPTNW-ALCPT-022, WBPTNW-ALPPT-025, WBPTNW-ALPPT-026)
If Other Long Term Liabilities BOY and/or EOY (Form PPT) is populated then attach a pdf document that lists other long term liabilities.	OtherLongTermLiabilities.pdf or WksNetWorthStmts.pdf (Rules WBPTNWI-ALPPT-019 and WBPTNWI-ALPPT-020)
If Retained Earnings Appropriated BOY and/or EOY is populated then attach a pdf document that lists the appropriated retained earnings.	RetainedEarnings.pdf or WksNetWorthStmts.pdf (Rules WksBPTNW-ALCPT-025, WksBPTNW-ALCPT-026, WBPTNW-ALPPT-035a, WBPTNW-ALPPT-036a)

If Adjustment to Shareholder's Equity BOY and/or EOY is populated then attach a pdf document that lists the adjustments to shareholder's equity.	EquityAdjustment.pdf or WksNetWorthStmts.pdf (Rules WksBPTNW-ALCPT-027, WksBPTNW-ALCPT-028, WBPTNW-ALPPT-038a, WBPTNW-ALPPT-039a)
If this company files as part of a consolidated federal return then attach a pdf copy of Federal Form 851.	Federal851.pdf
If this company files as part of a consolidated federal return then attach a pdf copy of the consolidated 1120.	Consolidated1120.pdf
If file a consolidated corporate tax return.	ConsolidatedIncome.pdf
If file a consolidated corporate tax return.	ConsolidatedBalance.pdf

***Electronic Return Signature (AL8453-B/AL8453-C/AL8453-FIE/AL8453-FDT):  
(AL8453-B/AL8453-C/AL8453-FIE/AL8453-FDT/AL8453-PTE):***

As with any corporate/partnership/fiduciary/business privilege income tax return submitted to the Department on paper, an electronic corporate/partnership/fiduciary/business privilege income tax return must be signed by an authorized corporate officer/partner and the paid preparer, if applicable.

Business Privilege Tax: The Corporation/Partnership (taxpayer) must designate an officer/partner responsible for signing the income tax return. **The officer/partner must sign and date the AL8453-B "Business Privilege Tax Declaration for Electronic Filing" to authorize the origination of the electronic submission of the return prior to the transmission of the return.** The Declaration includes the taxpayer's declaration that the return is true, correct and complete, as well as the taxpayer's Consent to Disclosure. The Consent to Disclosure authorizes the Department to disclose information to the taxpayer's Authorized IRS e-file Providers. Intermediate Service Providers, Transmitters and EROs are authorized by taxpayers to receive acknowledgement of receipt or reason for rejection of the electronic return from IRS. **If the electronic return data on a business privilege tax return is changed after the taxpayer has signed the Declaration, the taxpayer must sign a new declaration if the amounts differ.**

Corporate Tax: - The Corporation (taxpayer) must designate an officer/partner responsible for signing the income tax return. **The officer/partner must sign and date the AL8453-C "Corporate Income Tax Declaration for Electronic Filing" to authorize the origination of the electronic submission of the return prior to the transmission of the return.** The Declaration includes the taxpayer's declaration that the return is true, correct and complete, as well as the taxpayer's Consent to Disclosure. The Consent to Disclosure authorizes the Department to disclose information to the taxpayer's Authorized IRS e-file Providers. Intermediate Service Providers, Transmitters and EROs are authorized by taxpayers to receive acknowledgement of receipt or reason for rejection of the electronic return from IRS. **If the electronic return data on a corporate income tax return is changed after the taxpayer has signed the Declaration, the taxpayer must sign a new declaration if the amounts differ.**

Excise Tax: - The Financial Institution (taxpayer) must designate an officer/partner responsible for signing the income tax return. **The officer/partner must sign and date the AL8453-FIE "Financial Institution Excise Tax Declaration for Electronic Filing" to authorize the origination of the electronic submission of the return prior to the transmission of the return.** The Declaration includes the taxpayer's declaration that the return is true, correct, and complete, as well as the taxpayer's Consent to Disclosure. The Consent to Disclosure authorizes the Department to disclose

information to the taxpayer's Authorized IRS e-file Providers. Intermediate Service Providers, Transmitters and EROs are authorized by taxpayers to receive acknowledgement of receipt or reason for rejection of the electronic return from IRS. **If the electronic return data on a corporate income tax return is changed after the taxpayer has signed the Declaration, the taxpayer must sign a new declaration if the amounts differ.**

**Fiduciary Tax:** The Fiduciary or Officer responsible for the Estate or Trust must sign the income tax return. **The Fiduciary/Officer must sign and date the AL8453-FDT "Fiduciary Income Tax Declaration for Electronic Filing" to authorize the origination of the electronic submission of the return prior to the transmission of the return.** The Declaration includes the taxpayer's declaration that the return is true, correct and complete, as well as the taxpayer's Consent to Disclosure. The Consent to Disclosure authorizes the Department to disclose information to the taxpayer's Authorized IRS e-file Providers. Intermediate Service Providers, Transmitters and EROs are authorized by taxpayers to receive acknowledgement of receipt or reason for rejection of the electronic return from IRS. **If the electronic return data on a fiduciary income tax return is changed after the taxpayer has signed the Declaration, the taxpayer must sign a new declaration if the amounts differ.**

**Pass Through Tax:** - The S-Corporation/Partnership (taxpayer) must designate an officer/partner responsible for signing the income tax return. **The officer/partner must sign and date the AL8453-PTE "S-Corporation/Partnership Income Tax Declaration for Electronic Filing" to authorize the origination of the electronic submission of the return prior to the transmission of the return.** The Declaration includes the taxpayer's declaration that the return is true, correct and complete, as well as the taxpayer's Consent to Disclosure. The Consent to Disclosure authorizes the Department to disclose information to the taxpayer's Authorized IRS e-file Providers. Intermediate Service Providers, Transmitters and EROs are authorized by taxpayers to receive acknowledgement of receipt or reason for rejection of the electronic return from IRS.

**If the electronic return data on an S-Corporate/Partnership income tax return is changed after the taxpayer has signed the Declaration, the taxpayer must sign a new declaration if the amounts differ.**

**The Form AL8453-B/AL8453-C/ AL8453-FIE /AL8453-FDT/AL8453-PTE must be completed and signed by all required parties. Do not submit this form to the Alabama Department of Revenue unless requested to do so.** The ERO is required to retain a copy of this form along with an electronic copy of all returns, forms and schedules submitted for a period of three years from the due date of the return or the date the return was filed, whichever is later. If the need arises, the Department may request any of the documents, in writing, and the ERO must provide a copy of the document within five working days of the request.

### ***Electronic Payment Options:***

Corporate/Partnership taxpayers who file their 20C, 20CC, ET-1, 20S, 65, 41, PTEC, EPT, CPT, and PPT returns electronically must also pay the tax liability electronically.

\*Any liability due should be remitted no later than the original due date of the return. For forms CPT, PPT and 41 payments of \$750 or more must be made electronically. Non-electronic Business Privilege Tax and Financial Institution Tax payments must be remitted with Form BPT-V/ Form FIE-V. **DO NOT MAIL FORM BPT-V/ Form FIE-V IF THE PAYMENT IS REMITTED ELECTRONICALLY.**

**ELECTRONIC PAYMENT.** Section 41-1-20 requires electronic payments for all single business tax payments of \$750 or more. Substantial penalties may be assessed for noncompliance.



Please see the below link for payment options:

<https://www.revenue.alabama.gov/faqs/electronic-payment-options-available/>

### ***Acknowledgement Types:***

The Department will generate an acknowledgement for all returns received. The acknowledgement record/XML schema format is included in this publication.

The Alabama acknowledgement types are:

**1. ACCEPTED:** This acknowledgement indicates the electronic return was received and successfully completed the pre-entry validation process. No further action is required regarding the transmission. **Any return not acknowledged by the Department as “accepted” is considered not filed.**

**2. REJECTED:** This acknowledgement indicates the electronic return was received and failed to successfully complete the pre-entry validation process. **The acknowledgement will contain an error rejection code number followed by a message indicating the error causing the rejection, or in the case of a schema validation error only the schema error message will be displayed.** The error conditions must be corrected and the return can then be re-transmitted as a “State-Only” return. If a rejection occurs on the due date of the return it will be considered timely filed if it is corrected and re-transmitted **within the 10 calendar day perfection period.** Only after all attempts to correct the return and re-transmit have failed may the return be filed as a paper return. In order for the paper return to be considered timely it must be filed by the later of the due date of the return or ten (10) calendar days after the date Alabama gives notification the return is rejected. The paper return should include (1) an explanation of why the return is being filed after the due date (2) a copy of the reject notification from Alabama to avoid late filing penalties and interest and (3) a signed copy of the AL8453C/ AL8453-FIE /AL8453B/AL8453-PTE/AL8453-FDT in lieu of a signature on the paper return.

#### **Returns prepared with software that is not approved by the Department will be rejected.**

Unless authorized by the taxpayer to discuss the return with the preparer, the Department will communicate directly with the taxpayer if additional information is needed to correct a return. EROs and transmitters will only be given limited information about the tax return, including acknowledgment of receipt by the Department through the IRS and the reason for any processing delay. See Publication AL4165 for Alabama Error Reject Codes.

### **EROs and Transmitters should allow 5 business days to receive the State acknowledgement before contacting the Department.**

### ***Error Categories:***

All MeF business rules are divided into 10 error categories. The first eight categories validate the XML data:

1. Missing Document – a tax return document is required but was not included in the tax return.
2. Data Mismatch – the data in two fields should be the same but is not.
3. Duplicate Condition – the tax return or the transmission file was previously received and accepted by the Department. This includes if a return was previously submitted via paper.
4. Math Error – results when a computation is incorrect.

5. Incorrect Data – data violates a business rule even though it is syntactically correct. That is, the data values for elements must conform to the format specified and the data type. Also, the data values for elements must contain only values allowed for them in the schema.
6. Missing Data – data is not provided for a required field.
7. Database Validation Error – data provided does not match the IRS database or the data provided should be present in the IRS database but is not. (e.g. the SoftwareID in the Return Header must be listed in the MeF database and in accepted status.)
8. XML Error – the data violates Schema specification. The return and transmission documents must conform to the version of the XML schema they specify.
9. System Error – a return encounters a problem with the IRS systems that prevents the return from being processed electronically.
10. Unsupported – a submitted item(s) is sent to a location that does not accept it or an unusual condition is encountered in the data.

## **Special Instructions for Specific Forms**

### ***Business Privilege Return Information (forms CPT and PPT):***

Calendar year 2013 and fiscal years or short-years that begin on or after January 1, 2014 may be electronically filed. The tax year begin date and the tax year end date must be completed if the Fiscal Year (FY) is selected. If the Calendar year (CY) check box is selected the tax year begin date and tax year end date will be January 1, 2014 and December 31, 2014 respectively. Currently, Alabama only accepts one return each filing season, any subsequent filings such as additional short year returns and amended returns must be filed by paper.

The Alabama Business Privilege Tax Return - Form CPT, Alabama Corporation Privilege Tax Return and Form PPT, Alabama Pass Through Privilege Tax Return are not considered complete and properly filed unless the required documentation is included as a binary attachment (See pages 18-20, 22-23 for a list of binary attachments).

The total amount of the Business Privilege tax liability for the period is due on or before the un-extended due date of the return. Any balance of tax due and not paid on or before the un-extended due date will be subject to a failure to timely pay penalty and will accrue interest at the rate established by the Secretary of the Treasury under the authority of 26 U.S.C. §6621. For tax year 2009 and forward an extension to file will be automatically granted with **no request required by the taxpayer.**

### **FORM CPT – ALABAMA CORPORATE PRIVILEGE TAX RETURN**

#### ***SPECIAL ISSUES REGARDING FILING STATUS:***

Which entity types file a Form CPT?

- C Corporations, Financial Institutions, Business Trusts, Insurance Companies and LLEs taxed as a Corporation

For more information, please see Form CPT instructions. Visit our Web site at <http://www.revenue.alabama.gov/> for additional information or current law changes.

## **FORM PPT – PASS THROUGH PRIVILEGE TAX RETURN**

### **SPECIAL ISSUES REGARDING FILING STATUS:**

Which entity types should file a Form PPT?

- S Corporations, Limited Liability Entities, Disregarded Entities and LLEs Taxes as S Corporations

For more information see Form PPT instructions. Visit our Web site at <http://www.revenue.alabama.gov/> for additional information or current law changes.

### ***Corporate Return Information (Forms 20C and 20CC):***

The Alabama Corporate Income Tax Return - Form 20C, Alabama Consolidated Corporate Income Tax Return - Form 20CC, S Corporation Information/Tax Return - Form 20S and Alabama Partnership Information Return – Form 65, Alabama Financial Institution Excise Tax – Form ET-1 are not considered complete and properly filed unless a complete copy of the appropriate federal return (Form 1120, 1120A, 1120F, 990T, 1120S, 1065 etc) is attached in XML format only. The Alabama Department of Revenue **will no longer require** a copy of the **federal return** as a **binary attachment in .pdf format** for returns in the Business MeF Program (Forms 20C, 20CC, ET-1, 20S, and 65). The federal return must now be attached in XML format. Failure to attach the complete federal return with the necessary supporting schedules (such as Schedule D, Form 4797 and spreadsheet of income statements for all corporations included in the Federal Consolidated Return) can result in rejection of the return and may result in the imposition of delinquent penalties.

The total amount of the corporation's income tax liability for the period is due on or before the unextended due date of the return. Any balance of tax due and not paid on or before the due date will be subject to a failure to timely pay penalty and will accrue interest at the rate established by the Secretary of the Treasury under the authority of 26 U.S.C. §6621. For tax year 2008 and forward an extension to file will be automatically granted with **no request required by the taxpayer**. **Please refer to Section 12 “Return Due Date Charts” for the appropriate form’s due date.**

For more information, please see Form 20C instructions. Visit our Web site at <http://www.revenue.alabama.gov/> for additional information or current law changes.

## **FORM 20CC – ALABAMA CONSOLIDATED CORPORATE INCOME TAX RETURN**

### **SPECIAL ISSUES REGARDING FILING STATUS:**

Who should file a Form 20CC?

The Form 20CC must be filed by all Alabama Affiliated Group's (AAG) with a binding consolidated election (Form 20C-CRE). **Do not use Alabama Consolidated Corporate Income Tax Return Form 20CC if you are not the parent of the Alabama Affiliated Group.** All transactions between and among members of the AAG shall be reported on an arm's length basis. In addition to the separate company calculation, there may be additional

expense items with limitations based on Alabama consolidated taxable income. Credits are not allowed to exceed Alabama consolidated taxable income.

Proforma Return (Filing Status 5 on the 20C form) – This is only available for companies who have a valid election to file a consolidated Alabama return. A Proforma Form 20C should be completed for each member of the AAG and the parent should file the Consolidated Corporate Income Tax Return Form 20CC.

For more information see Form 20CC instructions. Visit our Web site at <http://www.revenue.alabama.gov> for additional information or current law changes.

### ***Financial Institution Excise Tax Return Information (Forms ET-1):***

The Form ET-1 must be filed every financial institution doing business in Alabama by engaging in the businesses specified therein Section 40-16-4. It is not a tax on income but is an excise tax measured by income. The Alabama Form ET-1 is not considered complete and properly filed unless a complete copy of the appropriate federal return (Form 1120) is attached in XML format only.

For additional information see form ET-1 instructions. Visit our Web site at [www.revenue.alabama.gov](http://www.revenue.alabama.gov) for additional information or current law changes.

### ***Partnership Return Information (Forms 20S, 65, PTEC and EPT)***

#### **FORM 20S – S CORPORATION INFORMATION / TAX RETURN**

##### **SPECIAL ISSUES REGARDING FILING STATUS:**

Form 20S requires that an Alabama Schedule K-1 be completed for any entity that was a shareholder at any time during the taxable year. The Alabama Form 20S is not considered complete and properly filed unless a copy of the federal Form 1120S with all federal K-1s are attached. Failure to attach the complete federal return (in XML format only) with the necessary supporting schedules and all applicable Nonresident Shareholder Agreement forms (Sch NRA) will result in rejection of the return and may result in the imposition of delinquent penalties.

For additional information see form 20S instructions. Visit our Web site at [www.revenue.alabama.gov](http://www.revenue.alabama.gov) for additional information or current law changes.

#### **FORM 65 – ALABAMA PARTNERSHIP / LIMITED LIABILITY COMPANY RETURN OF INCOME**

##### **SPECIAL ISSUES REGARDING FILING STATUS:**

The Alabama Form 65 requires that an Alabama Schedule K-1 be completed for any entity that was a partner or owner during the taxable year. *The Alabama Form 65 is not considered complete and properly filed unless a copy of the federal Form 1065 with all federal K-1s are attached.* Failure to

attach the complete federal return with the necessary supporting schedules will result in rejection of the return and may result in the imposition of delinquent penalties.

See Form 65 Instructions. Visit our Web site at [www.revenue.alabama.gov](http://www.revenue.alabama.gov) for additional information or current law changes.

### **FORM PTEC – NONRESIDENT COMPOSITE PAYMENT RETURN**

An Alabama Subchapter K entity/S corporation may file composite returns and make composite payments on behalf of some or all of its non-resident owners/shareholders if there are one or more non-resident owners/shareholders during any part of the taxable year. By filing Form PTE-C no further filing may then be required by an individual owner/shareholder. If an individual non-resident owner/shareholder has other income in Alabama or is due a refund a Form 40NR, Alabama Individual Nonresident Income Tax Return must be filed by that owner/shareholder.

Required Entity Information – This form is required for the Alabama Form PTE-C. All Subchapter K entities, S Corporations and Qualified Investment Partnerships must complete this section providing the additional required information.

Schedule PTE-CK1 should be completed for each non-resident owner/shareholder for whom the company is making a composite payment.

See Form PTE-C Instructions. Visit our Web site at [www.revenue.alabama.gov](http://www.revenue.alabama.gov) for additional information or current law changes.

### **FORM EPT – ELECTING PASS-THROUGH PAYMENT RETURN**

Alabama Act 2021-1 allows Alabama S-Corporations and Subchapter K entities (pass-through entities or PTEs) to elect to pay Alabama income tax at the entity level. Entities making this election (Electing PTEs) must notify ADOR by filing Form PTE-E via My Alabama Taxes at any time during the tax year but no later than the 15th day of the third month following the close of that tax year for which the entity elects to be taxed as an Electing PTE. Entities making this election are required to file Form EPT, in addition to Form 65 or Form 20S, and submit estimated tax payments. Act 2021-423 requires that an owner, member, partner, or shareholder of an electing PTE report income from the Electing PTE and shall be entitled to a refundable credit in an amount equal to its pro rata or distributive share of the Alabama income tax paid by the Electing PTE with respect to the corresponding tax year.

Schedule EPT-C (Electing Pass-Through Credits) - This schedule should be completed to calculate tax credits available to Alabama S Corporations and Subchapter K entities that elect to pay Alabama income tax at the entity level. All credits detailed below are provided on a pass-through basis for all shareholders. **If claiming credits below on Schedule EPT-C, do not claim on Schedule PC.**

See Form EPT Instructions. Visit our Web site at [www.revenue.alabama.gov](http://www.revenue.alabama.gov) for additional information or current law changes.

## ***Fiduciary Income Tax Return Information (Form 41):***

The Alabama Form 41 is used to report the gross income of estates and trusts in addition to reporting the deductions, exemptions and credits allowed estates and trusts by Alabama income tax law in determining the Alabama taxable income of the estates and trusts.

Required Attachments: To be considered a complete return, the Alabama Fiduciary Income Tax Return must have attached in XML format a complete copy of the federal Form 1041 with all federal K-1s, statements and attachments. In addition, a properly completed Schedule K-1 must be transmitted for each person or tax entity that was a beneficiary at any time during the taxable year.

### ***Filing Due Date Information:***

EROs must ensure that electronic returns are filed in a timely manner. The receipt date of the electronic transmission is based on the IRS received date.

**The receipt date of the electronic transmission is based on the electronic postmark date as long as the electronic postmark date is within (3) days of the IRS Received Date. If no electronic postmark date is transmitted or if the Electronic Postmark date is greater than 3 days of the IRS Received Date, the IRS received date will be used. The electronic postmark must be adjusted to the time zone where the taxpayer resides to determine the postmark's actual time.**

**\*Any return not acknowledged by the Department as “accepted” is considered not filed. \***

**\*\*Tax Year 2022 Forms 20C, 20CC, and ET-1 will be due one month following the corresponding federal income tax return. If the due date falls on a Saturday, Sunday or state holiday, the return will be due the following business day.**

**\*\*Forms 20S, 65 and PTEC should be filed by the same date as corresponding federal income returns are required to be filed as provided under federal law. If the due date falls on a Saturday, Sunday or state holiday, the return will be due the following business day.**

**\*\*For Taxable Year/Form Year 2018 or after and determination periods ending on December 31, 2017 and after, corporations (with the exception of financial institutions) can file their business privilege tax returns by the same date as the corresponding federal income tax returns that are required to be filed as provided under federal law. The corporation's tax liability is due at the same time as the due date of an original return. However, financial institution groups will file their business privilege tax return no later than the corresponding Alabama Excise Tax return.**

**Act 2016-412, SB263 amends Sections 40-18-27, 40-18-39 and 40-18-42 Code of Alabama 1975. Effective Date: For taxable years beginning on or after January 1, 2016.**

### **Section 40-18-39.2**

#### **Corporate returns.**

For tax years beginning on after January 1, 2021, the department shall allow a corporate income taxpayer one additional month following the due date of the corresponding federal income tax return, including applicable extensions, to file the Alabama corporate income tax. For tax year 2022 corporate

income tax returns will be due one month following the corresponding federal income tax return. The filing extension does not allow an extension of corporate income tax payments, which are due on the corresponding federal income tax return due date.

### **Section 40-18-42**

#### **Time and methods of payment of tax.**

(a) Time of payment for individuals. In the case of individuals, the total balance of the tax owed after credits for taxes paid through withholding as provided in Section 40-18-78, or through estimated payments as provided in Sections 40-18-82 and 40-18-83, shall be due and payable at the same time as the due date of an original return.

(b) Time of payment for fiduciaries. In the case of fiduciaries, the total amount of the tax imposed by this chapter shall be paid on April 15 following the close of the calendar year or, if the return should be made on the basis of a fiscal year, then on the fifteenth day of the fourth month following the close of the fiscal year.

(c) Time of payment for corporations. In the case of corporations, the balance of the tax owed after credits for taxes paid through estimated payments as provided in Section 40-18-80.1 shall be due and paid at the same time as the due date of an original return.

(d) Voluntary advance payment. The tax imposed by this chapter or any estimated tax payment thereof may be paid, at the election of the taxpayer, prior to the date prescribed for its payment.

### **Section 40-18-29(b)**

#### **Fiduciary returns.**

(b) Returns made on the basis of a calendar year shall be filed on or before April 15 following the close of such calendar year. Returns made on the basis of a fiscal year shall be filed on or before the fifteenth day of the fourth month following the close of such fiscal year. The Commissioner of Revenue or such person as may be in charge of the Department of Revenue may grant any reasonable extension of time for filing returns.

**Act 2017-363, HB46 amends Sections 40-14A-22 and 40-14A-25 Code of Alabama 1975  
Effective Date: For Tax returns due on or after January 1, 2018.**

**(4) The tax return for all members of a financial institution group shall be due no later than the corresponding Alabama financial institution excise tax return due date.**

### **Section 40-14A-25(a)**

#### **Business Privilege Tax Returns – Filing of Returns**

Current code:

Except as provided in Section 40-14A-22(f) (4), the return is due not later than March 15 of the taxable year for all taxpayers except limited liability entities for which the due date of the return shall be April 15 of the taxable year, or, in the case of a taxpayer's initial return, 30 days after the taxpayer comes into existence, qualifies or registers to do business, or commences doing business in Alabama as the case may be.

Revised Code per Act 2017-363, HB46:

Except as provided in Section 40-14A-22(f) (4), return required by this section is due no later than the corresponding federal income tax return as required to be filed as provided under federal law.

**\*\*Please note this does not apply to the form BPT-IN which is not supported by BMF.\*\***

Returns for partnerships are required to be filed on or before the date the taxpayer's corresponding federal tax return is due (810-3-28-.01).

**810-3-28-.01 Partnership Returns.**

(1) (a) All partnerships having "substantial nexus" from property owned or business conducted in this state shall file the Alabama Form 65 on or before the due date, including extension. All single member limited liability entities having "substantial nexus" from property owned or business conducted in this state shall file the appropriate Alabama income tax return. The appropriate income tax return will be determined based on the entity's classification for federal purposes, found in IRC Section 7701. Returns for both partnerships and single member limited liability entities, whether filing as a separate entity or as a disregarded entity, as a division of its owner, are required to be filed on or before the date the taxpayer's corresponding federal tax return is due. If no federal tax return is required, the due date is the date in which the taxpayer would be required to file if the federal return was required.

**After an electronic return is acknowledged as accepted, it cannot be recalled, intercepted or changed in any manner. If either the ERO or taxpayer wishes to change any entries on an accepted electronic return, an amended paper return must be filed.**