

FORM **40** Alabama **2024**
Individual Income Tax Return
 RESIDENTS & PART-YEAR RESIDENTS



For the year Jan. 1 - Dec. 31, 2024, or other tax year:

• Beginning: _____ • Ending: _____

• Your social security number _____ • Spouse's SSN if joint return _____

• Check if primary is deceased
 • Primary's deceased date (mm/dd/yyyy) _____

• Check if spouse is deceased
 • Spouse's deceased date (mm/dd/yyyy) _____

• Your first name _____ • Initial _____ • Last name _____

• Spouse's first name _____ • Initial _____ • Last name _____

• Present home address (number and street or P.O. Box number) _____

▶ CHECK BOX IF AMENDED RETURN •

• City, town, or post office _____ • State _____ • ZIP code _____

• Check if address is outside U.S. Foreign Country _____

Filing Status/Exemptions

•1 \$1,500 Single •3 \$1,500 Married filing separate. • Complete Spouse SSN _____ NRA

•2 \$3,000 Married filing joint •4 \$3,000 Head of Family (with qualifying person). Complete Schedule HOF

	A – Alabama tax withheld		B – Income	
	• 5a		• 5b	
Income and Adjustments				
5a Alabama Income Tax Withheld (from Schedule W-2, line 18, column G)				
5b Wages, salaries, tips, etc. (from Schedule W-2, line 18, column I plus J):				
6 Interest and dividend income (also attach Schedule B if over \$1,500)				
7 Other income (from page 2, Part I, line 8)				
8 Total income. Add amounts in the income column for line 5b through line 7				
9 Total adjustments to income (from page 2, Part II, line 16)				
10 Adjusted gross income. Subtract line 9 from line 8.				

Deductions

If claiming a deduction on line 12, you must attach page 1, 2 and Schedule 1 of your Federal Return, if applicable.

11 Box a or b MUST be checked. Check box a, if you itemize deductions , and enter amount from Schedule A, line 27. Check box b, if you do not itemize deductions, and enter standard deduction (see instructions)				
• a <input type="checkbox"/> Itemized Deductions • b <input type="checkbox"/> Standard Deduction	• 11			
12 Federal tax deduction (see instructions) DO NOT ENTER THE FEDERAL TAX WITHHELD FROM YOUR FORM W-2(S)	• 12			
13 Personal exemption (from line 1, 2, 3, or 4)	• 13			
14 Dependent exemption (from page 2, Part III, line 2)	• 14			
15 Total deductions. Add lines 11, 12, 13, and 14			• 15	

Tax

Staple Form(s) W-2, W-2G, and/or 1099 here. Attach Schedule W-2 to return.

16 Taxable income. Subtract line 15 from line 10			• 16	
17 Income Tax due. Enter amount from tax table or check if from • <input type="checkbox"/> Form NOL-85A			• 17	
18 Net tax due Alabama. Check box if computing tax using Schedule OC • <input type="checkbox"/> , otherwise enter amount from line 17 ..			• 18	
19 Additional taxes (from Schedule ATP, Part I, Line 3)			• 19	
20 Alabama Election Campaign Fund. You may make a voluntary contribution to the following:				
a Alabama Democratic Party <input type="checkbox"/> \$1 <input type="checkbox"/> \$2 <input type="checkbox"/> none			• 20a	
b Alabama Republican Party <input type="checkbox"/> \$1 <input type="checkbox"/> \$2 <input type="checkbox"/> none			• 20b	
21 Total tax liability and voluntary contribution. Add lines 18, 19, 20a, and 20b			• 21	

Payments

22 Alabama income tax withheld (from column A, line 5a)	• 22			
23 2024 estimated tax payments/Automatic Extension Payment	• 23			
24 Amended Returns Only – Previous payments (see instructions)	• 24			
25 Refundable Credits. Enter the amount from Schedule OC, Section F, line F4 ...	• 25			
26 Payments from Schedule CP, Section B, Line 1	• 26			
27 Total payments. Add lines 22, 23, 24, 25, and 26			• 27	
28 Amended Returns Only – Previous refund (see instructions)			• 28	
29 Adjusted Total Payments. Subtract line 28 from line 27			• 29	

AMOUNT YOU OWE

30 If line 21 is larger than line 29, subtract line 29 from line 21, and add line 31 and enter AMOUNT YOU OWE. Place payment, along with Form 40V, loose in the mailing envelope. (FORM 40V MUST ACCOMPANY PAYMENT.)			• 30	
31 Penalties (from Schedule ATP, Part II, line 3) (see instructions)	• 31			

OVERPAID

32 If line 29 is larger than line 21, subtract line 21 from line 29, and enter AMOUNT OVERPAID			• 32	
33 Amount of line 32 to be applied to your 2025 estimated tax	• 33			

Donations

34 Total Donation Check-offs from Schedule DC, line 2	• 34			
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REFUND

35 REFUNDED TO YOU. (CAUTION: You must sign this return on the reverse side.) If line 32 is greater than zero, subtract lines 31, 33, and 34 from line 32			• 35	
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For Direct Deposit, check here • and complete Part V, Page 2.



PART I

1	Alimony received	• 1
2	Business income or (loss) (attach Federal Schedule C or C-EZ) (see instructions)	• 2
3	Gain or (loss) from sale of Real Estate, Stocks, Bonds, etc. (attach Schedule D)	• 3
4	Retirement Income (attach Schedule RS)	• 4
5	Rents, royalties, partnerships, estates, trusts, etc. (attach Schedule E)	• 5
6	Farm income or (loss) (attach Federal Schedule F)	• 6
7	Other income (state nature and source — see instructions)	• 7
8	Total other income. Add lines 1 through 7. Enter here and also on page 1, line 7	• 8

PART II

1a	Your IRA deduction	• 1a
b	Spouse's IRA deduction	• 1b
2	Payments to a Keogh retirement plan and self-employment SEP deduction	• 2
3	Penalty on early withdrawal of savings	• 3
4	Alimony paid. Recipient's last name _____ SSN • _____	• 4
5	Adoption expenses	• 5
6	Moving Expenses (Attach Federal Form 3903) to: City _____ State _____ ZIP _____	• 6
7	Self-employed health insurance deduction	• 7
8	Payments to Alabama College Counts 529 Fund or Alabama PACT Program	• 8
9	Health insurance deduction for small employer employee (see instructions)	• 9
10	Costs to retrofit or upgrade home to resist wind or flood damage	• 10
11	Deposits to a catastrophe savings account	• 11
12	Contributions to a health savings account	• 12
13	Deposits to an Alabama First-Time and Second Chance Home Buyer Savings Account (see instructions)	• 13
14	Firefighter's Insurance Premium	• 14
15	Contributions to an Achieving a Better Life Experience (ABLE) savings account	• 15
16	Total adjustments. Add lines 1 through 15. Enter here and also on page 1, line 9	• 16

PART III

1	Total number of dependents from Schedule DS, line 1b	• 1
2	Amount allowed. Multiply total number of dependents claimed on line 1 by the amount on the dependent chart in the instructions. Enter amount here and on page 1, line 14	• 2

PART IV

1 **Residency** Check only one box Full Year • Part Year From _____ 2024 through _____ 2024.

2 Did you file an Alabama income tax return for the year 2023? • Yes • No If no, state reason _____

3 Give name and address of present employer(s). Yours _____
Your Spouse's _____

4 Enter the Federal Adjusted Gross Income • \$ _____ and Federal Taxable Income • \$ _____ as reported on your 2024 Federal Individual Income Tax Return.

5 Do you have income which is reported on your Federal return, but not reported on your Alabama return (other than your state tax refund)? • Yes • No
If yes, enter source(s) and amount(s) below: (other than state income tax refund)

Source • _____	Amount • _____
Source • _____	Amount • _____

PART V For Direct Deposit of your refund, complete 1, 2, 3, and 4 below. (See instructions to see if you qualify.)

1 Routing Number: _____ 2 Type: Checking Savings 3 Account Number: _____

4 Is this refund going to or through an account that is located outside of the United States? Yes No

Drivers License Info

DOB (mm/dd/yyyy) • _____	Your state • _____	DL# • _____	Iss date (mm/dd/yyyy) • _____	Exp date (mm/dd/yyyy) • _____
DOB (mm/dd/yyyy) • _____	Spouse state • _____	DL# • _____	Iss date (mm/dd/yyyy) • _____	Exp date (mm/dd/yyyy) • _____

I authorize a representative of the Department of Revenue to discuss my return and attachments with my preparer.
Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here In Black Ink
Keep a copy of this return for your records.

Your Signature _____	Date _____	Daytime Telephone Number _____	Your Occupation _____
Spouse's Signature (if joint return, BOTH must sign) _____	Date _____	Daytime Telephone Number _____	Spouse's Occupation _____
Preparer's Signature _____	Date _____	Check if Self-employed <input type="checkbox"/> •	Preparer's SSN or PTIN _____ E.I. Number _____
Firm's Name (or yours if self employed) _____	Address _____	Daytime Telephone No. _____	ZIP Code _____

**SCHEDULES
A, B, & DC
(FORM 40)**



(Schedules B and DC are on back page)

ATTACH TO FORM 40 — SEE INSTRUCTIONS FOR SCHEDULE A

Name(s) as shown on Form 40	Your social security number
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The itemized deductions you may claim for the year 2024 are similar to the itemized deductions claimed on your Federal return; however, the amounts may differ. Please see instructions before completing this schedule. **PART-YEAR RESIDENTS:** A resident of Alabama for only a part of the year should list below only those deductions actually paid while a resident of Alabama.

	CAUTION: Do not include expenses reimbursed or paid by others.					
Medical and Dental Expenses	1 Medical and dental expenses.....	1		00		
	2 Enter amount from Form 40, line 10.	2		00		
	3 Multiply the amount on line 2 by 4% (.04). Enter the result.....	3		00		
	4 Subtract line 3 from line 1. Enter the result. If zero or less, enter -0-.....				• 4	00
Taxes You Paid	5 Real estate taxes.....	5		00		
	6 FICA Tax (Social Security and Medicare) and Federal Self-Employment Tax.....	6		00		
	7 Railroad Retirement (Tier 1 only).....	7		00		
	8 Other taxes. (List – include personal property taxes.) ▶	8		00		
	9 Add the amounts on lines 5 through 8. Enter the total here.....				• 9	00
Interest You Paid	10a Home mortgage interest and points reported to you on Federal Form 1098.....	10a		00		
	b Home mortgage interest not reported to you on Federal Form 1098. (If paid to an individual, show that person's name and address.) ▶					
		10b		00		
	11 Reserved for future use.....	11		00		
	12 Points not reported to you on Form 1098.....	12		00		
	13 Investment interest. (Attach Form 4952A.).....	13		00		
	14 Add the amounts on lines 10a through 13. Enter the total here.....				• 14	00
Gifts to Charity	CAUTION: If you made a charitable contribution and received a benefit in return, see instructions.					
	15 Contributions by cash or check (If more than \$250, see instructions).....	15		00		
	16 Other than cash or check. (You MUST attach Federal Form 8283 if over \$500.).....	16		00		
	17 Carryover from prior year.....	17		00		
	18 Add the amounts on lines 15 through 17. Enter the total here.....				• 18	00
Casualty and Theft Loss (Attach Form 4684)	19a Enter the loss from Federal Form 4684, either A <input type="checkbox"/> line 15, or B <input type="checkbox"/> line 16.....	19a		00		
	b Enter 10% of your Adjusted Gross Income (Form 40, line 10) if box B is checked, otherwise enter zero.....	19b		00		
	c Subtract line 19b from line 19a. If zero or less, enter -0-.....				• 19c	00
Job Expenses and Most Other Miscellaneous Deductions	20 Unreimbursed employee expenses — job travel, union dues, job education, etc. You MUST attach Federal Form 2106 if required. See instructions. ▶	20		00		
	21 Other expenses (investment, tax preparation, safe deposit box, etc.). List type and amount. ▶	21		00		
	22 Add the amounts on lines 20 and 21. Enter the total.....	22		00		
	23 Multiply the amount on Form 40, line 10 by 2% (.02). Enter the result here.....	23		00		
	24 Subtract line 23 from line 22. Enter the result. If zero or less, enter -0-.....				• 24	00
Other Miscellaneous Deductions	25 Other (from list in the instructions). List type and amount. ▶				• 25	00
Qualified Long-Term Care Ins. Premiums	CAUTION: Do not include medical premiums.					
	26 Enter amount here.....				• 26	00
Total Itemized Deductions	27 Add the amounts on lines 4, 9, 14, 18, 19c, 24, 25, and 26. Enter the total here. Then enter on Form 40, page 1, line 11 and check 11a, Itemized Deductions.....				• 27	00



Name(s) as shown on Form 40 (Do not enter name and social security number if shown on other side)	Your social security number
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SCHEDULE B – Interest And Dividend Income

If you received more than \$1500 of interest and dividend income, you must complete Schedule B. See instructions.

	List Payers and Amounts		A Exempt Interest		B Taxable Interest and Dividends
1	I N T E R E S T	1	00	1	00
			00		00
			00		00
			00		00
			00		00
			00		00
			00		00
			00		00
			00		00
			00		00
2	D I V I D E N D S			2	00
					00
					00
					00
					00
					00
					00
					00
					00
					00
3	TOTAL TAXABLE INTEREST AND DIVIDENDS Enter here and on Form 40, page 1, line 6			• 3	00

SCHEDULE DC – Donation Check-Offs

1 You may donate all or part of your overpayment. (Enter the amount in the appropriate boxes.)

a Senior Services Trust Fund	• 1a	00	j Alabama Military Support Foundation	• 1j	00
b Alabama Arts Development Fund	• 1b	00	k Alabama Veterinary Medical Foundation		00
c Alabama Nongame Wildlife Fund	• 1c	00	Spay-Neuter Program	• 1k	00
d Child Abuse Trust Fund	• 1d	00	l Cancer Research Institute	• 1l	00
e Alabama Veterans Program	• 1e	00	m Children First Trust Fund	• 1m	00
f Alabama State Veterans Cemetery at Spanish Fort Foundation, Inc.	• 1f	00	n State Parks Division of the Department of Conservation and Natural Resources	• 1n	00
g Foster Care Trust Fund	• 1g	00	o Department of Mental Health – 2023	• 1o	00
h Mental Health	• 1h	00	p Alabama Medicaid Agency	• 1p	00
i Alabama Breast & Cervical Cancer Program ...	• 1i	00			

2 Total Donations. Add lines 1a, b, c, d, e, f, g, h, i, j, k, l, m, n, o, and p. Enter here and on Form 40, page 1, line 34.	• 2		00
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Alabama Department of Revenue
Dependents Schedule

NAME(S) AS SHOWN ON TAX RETURN

PRIMARY'S SOCIAL SECURITY NUMBER

SPOUSE'S SOCIAL SECURITY NUMBER

Schedule DS – Dependents Schedule

See instructions for definition of a dependent. **NOTE:** If you checked filing status 3 (Married filing separate), you may claim **only** the dependent(s) for whom you **separately** furnished over 50% of the total support.

1a Dependents. Do not include yourself or your spouse. (See Instructions)

First Name	Last Name	• Dependent's Social Security Number	Dependent's Relationship to you	Did you provide more than one-half dependent's support?

1b Total number of dependents claimed above. Enter total here and on Form 40, Page 2, Part III, line 1 or Form 40NR, Page 2, Part V, line 1 **• 1b**



NAME(S) as shown on tax return (Do not enter name and social security number if shown on other side)

PRIMARY SOCIAL SECURITY NUMBER _____ SPOUSE SOCIAL SECURITY NUMBER _____

Schedule HOF – Head of Family Schedule

Complete the following information:

Enter the dependent/qualifying person's name here: _____

Dependents/qualifying person's Social Security Number: _____

What is the dependent's/qualifying person's relationship to you: _____

Do you rent or own the home maintained for the dependent/qualifying person? Rent Own

Are you married, divorced, or legally separated? Yes No

If you answered yes, please provide the following information:

Date of Marriage? _____

Date of Divorce? _____

Date of Legal Separation? _____

Did the dependent(s)/ qualifying person(s) reside with you in your home? Yes No

Did you pay more than 50% of the dependent(s)/ qualifying person(s) support? Yes No



SCHEDULE
ATP

ALABAMA DEPARTMENT OF REVENUE
INCOME TAX ADMINISTRATION DIVISION
Additional Taxes & Penalties

2024

NAME(S) AS SHOWN ON THE TAX RETURN

SOCIAL SECURITY NUMBER

PART I Additional Taxes

1	Consumer Use Tax (see instructions). If you certify that no use tax is due, check box <input type="checkbox"/>	• 1		
2	Catastrophe savings tax (see instructions)	• 2		
3	Total Additional Taxes. Add line 1 and line 2. Enter here and also on Form 40, page 1, line 19	• 3		

PART II Penalties

1	Estimated Tax Penalty (see instructions). Farmers and Fishermen that meets IRC §6654, check box <input type="checkbox"/>	• 1		
2	First-time Second chance Home Buyer Savings Account penalty (from Schedule HBC, Part IV, Line 4)	• 2		
3	Total penalties. Add line 1 and line 2. Enter here and also on Form 40, page 1, line 31	• 3		



First Time and Second Chance Home Buyer Savings Account Deduction

NAME(S) AS SHOWN ON TAX RETURN

PRIMARY'S SOCIAL SECURITY NUMBER _____ SPOUSE'S SOCIAL SECURITY NUMBER _____

This schedule is required to be submitted with Form 40 if claiming a deduction for deposits made into any First Time and Second Chance Home Buyer Savings Account or if excluding any interest earned on the account. Any deduction or exclusion for deposits or interest is limited to the account holders only. Failure to include this form with your return will result in an automatic denial of the deduction or exclusion.

Part I - Designation of First Time and Second Chance Home Buyer Savings Account(s)

• 1.	Financial Institution Name:			
	Address:	City:	State:	Zip:
• 2.	Date Account Opened:			
• 3.	Account Number:			
• 4.	Account Holder(s): Primary:	Secondary:		
• 5.	Financial Institution Name:			
	Address:	City:	State:	Zip:
• 6.	Date Account Opened:			
• 7.	Account Number:			
• 8.	Account Holder(s): Primary:	Secondary:		

Part II - Deposits made into your First Time and Second Chance Home Buyer Savings Account(s)

1. Total deposits made by the account holder(s) this year:	• 1.	
2. Total principal and earnings in account(s) at year end:	• 2.	
3. Deduction Allowed (enter here and on Form 40, Page 2, Part II, Line 13):	• 3.	
Enter the lesser of Line 1 or \$5,000 for a filing status of Single or Head of Family or \$10,000 for a filing status of Married Filing Joint. If the account is greater than 10 years old or line 2 is greater than \$25,000 for individual accounts or \$50,000 for joint accounts, enter zero, no deduction is allowed.		
4. Interest/Earnings this year (enter on Schedule B, Line 1, Column A and Attach 1099):	• 4.	
You must attach a copy of the statement of account(s) showing all account transactions.		

Part III - Withdrawals made from your First Time and Second Chance Home Buyer Savings Account(s)

1. Amount of funds withdrawn from the account(s) this year	• 1.	
2. (a) Were the funds used for eligible expenses to purchase a home in the State of Alabama?	2a.	<input type="checkbox"/> Yes • <input type="checkbox"/> No
(b) Address of Residence Purchased		
• City: _____	• State: _____	• Zip: _____
You must attach a copy of the closing statement.		
3. Was the total amount of funds withdrawn deposited into another First Time and Second Chance Home Buyer Account? (If yes, you must provide statements for both accounts.)	3.	<input type="checkbox"/> Yes • <input type="checkbox"/> No
4. Non-qualified amounts withdrawn which were not used for eligible expenses to purchase a home or deposited in full into another First Time and Second Chance Home Buyer Savings account.	• 4.	
5. Non-qualified withdrawals for which a deduction was claimed for deposits must be added back to income for Alabama income tax purposes. Include amount from line 4 in which a deduction was claimed for deposits made into your First Time and Second Chance Home Buyer Savings Account on a prior year(s) tax return and any interest earned on the account which you excluded from income on a prior year(s) tax return (enter here and on Form 40, Page 2, Part I, line 7, Other Income)	• 5.	

Part IV - Penalty

1. Were the funds withdrawn by reason of account holder(s) death or disability?	1.	<input type="checkbox"/> Yes • <input type="checkbox"/> No
2. Were the funds withdrawn pursuant to a disbursement of assets under Bankruptcy?	2.	<input type="checkbox"/> Yes • <input type="checkbox"/> No
3. Were the funds withdrawn due to unemployment after the account holder(s) exhausted applicable unemployment compensation benefits? ...	3.	<input type="checkbox"/> Yes • <input type="checkbox"/> No
4. Penalty for Withdrawal for Purposes Other Than Eligible Costs (if you answered yes to lines 1, 2, or 3, enter 0; otherwise enter 10% of Part III, Line 4 here and on Schedule ATP, Part II, line 2):	• 4.	



SCHEDULE

CR 2024



Alabama Department of Revenue Credit For Taxes Paid To Other States

NAME(S) AS SHOWN ON THE TAX RETURN

SOCIAL SECURITY NUMBER

Complete one row for each state that you are claiming credit. If there is not enough space, additional forms may be completed as needed.

Column A	Column B	Column C	Column D	Column E	Column F
Other State Postal Code	Taxable Income as shown on Other State Return	Portion of AL AGI Attributable to this State	Tax due the other state using AL tax rates	Tax due the other state as shown on that State's return or Form W-2G	Enter the smaller of Column D and Column E
• 1					
• 2					
• 3					
• 4					
• 5					
• 6					
• 7					
• 8					
• 9					
• 10					
• 11					
• 12					
• 13					
• 14					
• 15					
• 16					
• 17					
• 18					
• 19					
• 20					
• 21					
• 22					
• 23					
• 24					
• 25					
• 26	Sum of Alabama Adjusted Gross Income Attributable to all other States (Total lines 1-25, Column C). Enter here and on Schedule OC, Section B, Part A, line A1.				
• 27	Enter the Sum of Column F here and on Schedule OC, Section B, Part A, line A5				



Alabama Department of Revenue
Other Available Credits
ATTACH TO FORM 40 OR 40NR

* Individual Credits must be submitted through My Alabama Taxes (MAT) before completion of the Schedule OC. See instructions for submission details.

Name(s) as shown on Form 40 or 40NR	Your social security number
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SECTION A Current Tax Period Liability. Enter tax amount from Form 40, page 1, line 17 or Form 40NR, page 1, line 19

SECTION B Current Year Credits

PART A – Credit for Taxes Paid to Other States (Form 40 Only)

A1 Sum of Alabama Adjusted Gross Income Attributable to all other States from Schedule CR, line 26	A1	
A2 Alabama Adjusted Gross Income from Form 40, page 1, line 10	A2	
A3 Total Other States' % of Alabama AGI (Divide line A1 by line A2)	• A3	
A4 Multiply the current tax liability (Section A) by line A3	• A4	
A5 Enter line 27 from Schedule CR	A5	
A6 Credit Allowable (Enter smaller of lines A4 or A5). Enter here and on Section C, Part A, Column 3		• A6

PART B – Alabama Enterprise Zone Credit or Exemption

B1 Enter amount from Schedule EZK1, Part II, page 2, line 13, or Schedule EZ, Part IV, page 2, line 13. Enter here and on Section C, Part B, Column 3	• B1
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PART C – Basic Skills Education Credit

Attach this schedule to your Alabama return along with a copy of your approved certification notice issued by the Alabama Department of Education.

C1 Enter your assigned Department of Education Certification Number _____	
C2 Name of employer/firm sponsoring the education program _____	
C3 Name of approved provider _____ Location _____	
C4 Were all participants for whom you are claiming a tax credit continuously employed by you for at least 16 weeks? <input type="checkbox"/> Yes <input type="checkbox"/> No	
C5 If the answer to line C4 is yes, did employee(s) work at least 24 hours each week? <input type="checkbox"/> Yes <input type="checkbox"/> No	
C6 If the answer to lines C4 and C5 above is yes, enter the total expenses available for credit (see instructions) _____	C6
C7 CREDIT ALLOWABLE. Multiply line C6 by 20% (.20). Enter here and on Section C, Part C, Column 3	• C7

PART D – Rural Physician Credit

D1 Name of hospital and community where you live and provide medical services _____	
D2 Maximum Rural Physician Credit. Qualifying Physicians, enter \$5,000. If Married Filing Jointly (MFJ) and both spouses qualify for Rural Physician Credit, enter \$10,000	• D2
D3 CREDIT ALLOWABLE. Enter the amount from line D2. Enter here and on Section C, Part D, Column 3	• D3

PART E – Coal Credit*

E1 Enter the amount of Coal Credit not reported on Schedule K-1	• E1	
E2 Pro rata share of credit from Schedule K-1. FEIN of entity • _____ (If credit from more than one entity, attach schedule.)	• E2	
E3 CREDIT ALLOWABLE. Add line E1 and line E2. Enter here and on Section C, Part E, Column 3		• E3

PART F – Full Employment Act of 2011 Credit.* Owners of qualified employers that are entities taxed under subchapters S or K of the Internal Revenue Code will report their pro rata share of credit on line F6 below.

Were you in business with 50 or fewer full and/or part-time employees on June 9, 2011? Yes No If "No", you do not qualify for this credit.

F1 Number of full time employees on 12-31-2023	F1	
F2 Number of full time employees on 12-31-2022	F2	
F3 Subtract line F2 from line F1. If less than or equal to zero, STOP! You do not qualify for credit	F3	
F4 Number of qualifying new employees from line F3 that completed their first 12 months service in 2024	F4	
F5 Multiply line F4 by \$1,000.00		F5
F6 Pro rata share of credit from Schedule K-1 FEIN of entity _____ (If credit from more than one entity, attach schedule.)		F6
F7 CREDIT ALLOWABLE. Add line F5 and line F6. Enter here and on Section C, Part F, Column 3		• F7



Name(s) as shown on Form 40 or 40NR	Your social security number
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PART G – Veterans Employment Act - Employer’s Credit.* Owners of qualified employers that are entities taxed under subchapters S or K of the Internal Revenue Code skip Lines G1 and G2 and report your pro rata share of credit on line G3 below.

EMPLOYER CREDIT

G1 Number of unemployed veterans included in Part F, line F4	G1	
G2 Multiply line G1 by \$2,000.00		G2
G3 Pro rata share of credit from Schedule K-1 FEIN of entity _____ (If credit from more than one entity, attach schedule.)		G3
G4 CREDIT ALLOWABLE. Add line G2 and line G3. Enter here and on Section C, Part G, Column 3		• G4

PART H – Veterans Employment Act - Business Startup Expense Credit.* For owners of qualified employers that are entities taxed under subchapters S or K of the Internal Revenue Code skip Lines H1 through H4 and report your pro rata share of credit on line H5 below.

Did this business start up after April 2, 2012? Yes No If “No”, you do not qualify for this credit.

BUSINESS START-UP EXPENSES CREDIT

H1 Name and business ID number		
H2 Enter total amount of business start-up expenses	H2	
H3 Maximum credit	H3	\$2,000
H4 Enter the lesser of line H2 or line H3		H4
H5 Pro rata share of credit from Schedule K-1 FEIN of entity _____ (If credit from more than one entity, attach schedule.)		H5
H6 CREDIT ALLOWABLE. Add line H4 and line H5. Enter here and on Section C, Part H, Column 3		• H6

PART I – Credit for Taxes paid to a Foreign Country (For Form 40 Only) Note: All dollar figures must be in U.S. dollars.

I1 S Corporation/Partnership/Estate/Trust Name •		
I2 FEIN •		
I3 Name of country income earned in •		
I4 Your pro rata share in entity	• I4	
I5 Pro rata share of income from foreign operations	• I5	
I6 Alabama tax imposed on the pro rata share of income from foreign operations as reported on line I5	• I6	
I7 Pro rata share of tax due the foreign country as shown on that country’s tax return	• I7	
I8 Multiply I7 by 50% (.50)	• I8	
I9 CREDIT ALLOWABLE. Enter the lesser of line I6 or line I8. Enter here and on Section C, Part I, Column 3		• I9

PART J – Qualified Irrigation System/Reservoir System Tax Credit* (Any unused Qualified Irrigation System/Reservoir System Tax Credit may be carried forward for a maximum of 5 years.)

Type of Credit:
Select either the purchase or conversion of irrigation system checkbox or the construction of reservoir checkbox. You cannot select both. However, the pro-rata share of credit checkbox can be selected in addition to either.

- Purchase or conversion of irrigation system. Complete lines J1 through J4 and J7 through J11 below. Skip lines J5 through J6.
- Construction of reservoir. Skip lines J1 through J4 and complete lines J5 through J11 below.
- Pro-rata share of credit from Subchapter S or K. Complete lines J10 through J11 below.

J1 Purchase cost and installation costs of irrigation system	• J1	
J2 Conversion costs to convert from fuel to electricity	• J2	
J3 Add lines J1 and J2	• J3	
J4 Multiply line J3 by 20% (.20)	• J4	
J5 Cost of construction reservoir	• J5	
J6 Multiply line J5 by 20% (.20)	• J6	
J7 Enter the amount from either line J4 or line J6, but not both	• J7	
J8 Credit Limit	J8	\$10,000
J9 Enter the lesser of line J7 or line J8	• J9	
J10 Pro rata share of credit from Schedule K-1 FEIN of entity •	• J10	
J11 Maximum credit allowable. Add line J9 and line J10 Enter here and on Section C, Part J, Column 3		• J11

PART K – Alabama Accountability Tax Credit – School Transfer Credit

K1 Enter total cost of attending nonfailing public school or nonpublic school from Schedule AATC, Line 37. Enter here and on Section C, Part K, Column 3		• K1
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Name(s) as shown on Form 40 or 40NR	Your social security number
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PART L – Alabama Accountability Act Credit - Scholarship Granting Organization (SGO) portion (Any unused Alabama Accountability Act Credit - Scholarship Granting Organization (SGO) portion may be carried forward for a maximum of 3 years.)

L1 Name of Scholarship Granting Organization: • _____		
L2 Address of Scholarship Granting Organization: _____		
L3 Enter amount contributed for scholarship(s)	• L3	
L4 Pro rata share of credit from Schedule K-1	• L4	
FEIN of entity • _____		
L5 Current Year Credit Available. Add L3 and L4.	• L5	
L6 Maximum credit allowable for current year contribution	• L6	\$100,000
L7 Current Year Credit Allowable. Enter the lesser of line L5 or L6. Enter here and on Section C, Part L, Column 3	• L7	

PART M – Alabama Adoption Tax Credit

M1 CREDIT ALLOWABLE. Enter the amount from Schedule AAC, Part III, Line 3 here and on Section C, Part M, Column 3	• M1
---	------

PART N – 2013 Alabama Historic Rehabilitation Tax Credit* – For project numbers prior to 2018. (Any unused 2013 Alabama Historic Rehabilitation Tax Credit may be carried forward for a maximum of 10 years.)

N1 Amount of tax credit certificate for any project placed in service this year				
	Project Number	Date Placed In Service	Credit Amount	
• N1a				
• N1b				
• N1c				
N2 Total Credit - Add lines N1a, N1b and N1c.	• N2			
N3 Pro rata share of credit from Schedule K-1	• N3			
FEIN of entity • _____				
N4 CREDIT ALLOWABLE. Add line N2 and line N3. Enter here and on Section C, Part N, Column 3	• N4			

PART O – Career – Technical Dual Enrollment Credit (Any unused Career – Technical Dual Enrollment Credit may be carried forward for a maximum of 3 years.)

O1 Amount Contributed this year (Department of Post-Secondary Education Tax Credit Certificate)	• O1	
O2 Amount of Current Credit – Multiply line O1 by .50	• O2	
O3 Pro rata share of credit from Schedule K-1	• O3	
FEIN of entity • _____		
O4 Current Year Credit Available. Add Lines O2 and O3. Enter here and on Section C, Part O, Column 2.	• O4	
O5 Multiply the current tax liability (Section A) by 50% (.50).....	• O5	
O6 Maximum Credit	• O6	\$500,000
O7 Current Year Credit Allowable. Enter the Lesser of O4, O5 or O6. Enter here and on Section C, Part O, Column 3	• O7	
O8 MAXIMUM CREDIT ALLOWABLE FOR PRIOR YEAR CREDIT CARRYFORWARD. Subtract line O7 from line O5. Enter here and on line O9a, Column 3	• O8	
O9 Calculation of Allowable Prior Year Credit Carryforward - enter here and on Section D. If Part O, line O8 is equal to zero, do not complete this section.		

	Column 1	Column 2	Column 3	Column 4	Column 5
	Credit Year (YYYY)	Credit Carryforward Available	Credit Limitation (Line O9a, Col. 3 equals line O8. Lines O9b - O9c, Col. 3 equal Col. 5, prior row)	Maximum Credit Carryforward Available This Year (Lesser of Col. 2 or Col. 3)	Unused Credit Limitation (Col. 3 minus Col. 4)
• O9a					
• O9b					
• O9c					
• O9d	Maximum Credit Carryforward Available. Sum of Column 4, line O9a, O9b, and O9c				

PART P – Investment Credit – Alabama Jobs Act (Any unused Investment Credits – Alabama Jobs Act may be carried forward for a maximum of 5 years.)

Project Number • _____	
P1 Current Year's Investment Credit amount allocated to income tax	• P1
P2 Current Year's Allocated share of credit from Schedule K-1	• P2
FEIN of entity • _____	
P3 CREDIT ALLOWABLE. Add line P1 and line P2. Enter here and on Section C, Part P, Column 3	• P3



Name(s) as shown on Form 40 or 40NR	Your social security number
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PART Q – Port Credit – Alabama Renewal Act Credit (Unused Port Credit may be carried forward for a maximum of 5 years.)
In order to receive credit, please attach a copy of your Certification of Port Credit from the Alabama Department of Commerce.

Company Name _____
 FEIN or SSN of Qualified Project _____

Q1 Port Credit amount certified	• Q1	
Q2 Pro rata share of credit from Schedule K-1	• Q2	
FEIN of entity • _____ (If credit from more than one entity, attach schedule.)		
Q3 CREDIT ALLOWABLE. Add line Q1 and line Q2. Enter here and on Section C, Part Q, Column 3		• Q3

PART R – Alabama Renewal Act – Growing Alabama Credit (Any unused Growing Alabama Credit may be carried forward for a maximum of 5 years.)

Name of Economic Development Organization • _____

R1 Amount(s) approved for contribution	• R1	
R2 Pro rata share of credit from Schedule K-1	• R2	
FEIN of entity • _____ (if credit from more than one entity attach schedule.)		
R3 Current Year Credit Available. Add line R1 and line R2. Enter here and on Section C, Part R, Column 2	• R3	
R4 Multiply the current tax liability (Section A) by 50%		• R4
R5 Current Year Credit Allowable. Enter the lesser of line R3 and line R4. Enter here and on Section C, Part R, Column 3		• R5
R6 MAXIMUM CREDIT ALLOWABLE FOR PRIOR YEAR CREDIT CARRYFORWARD. Subtract line R5 from line R4. Enter here and on line R7a, Column 3		• R6
R7 Calculation of Allowable Prior Year Credit Carryforward - enter here and on Section D. If Part R, line R6 is equal to zero, do not complete this section.		

	Column 1	Column 2	Column 3	Column 4	Column 5
	Credit Year (YYYY)	Credit Carryforward Available	Credit Limitation (Line R7a, Col. 3 equals line R6. Lines R7b - R7e, Col.3 equal Co. 5, prior row)	Maximum Credit Carryforward Available This Year (Lesser of Col. 2 or Col. 3)	Unused Credit Limitation (Col. 3 minus Col. 4)
• R7a					
• R7b					
• R7c					
• R7d					
• R7e					
• R7f	Maximum Credit Carryforward Available. Sum of Column 4, line R7a, R7b, R7c, R7d and R7e				

PART S – Apprenticeship Tax Credit*

If business entity is a sole proprietor, a copy of the Alabama Apprenticeship Tax Credit Certificate must be attached to this return, otherwise, no credit will be allowed. If business is a Subchapter S or K, skip Part I and indicate your pro-rata share of credit on Part II, line S2.

Part I
 Apprenticeship Employer Name • _____
 Apprenticeship Employer FEIN or SSN • _____

Part II

S1 Credit from Alabama Apprenticeship Tax Credit Certificate	• S1	
S2 Pro rata share of credit from Schedule K-1 if applicable	• S2	
FEIN of entity • _____ (If credit from more than one entity, attach schedule.)		
S3 CREDIT ALLOWABLE. Add line S1 and line S2. Enter here and on Section C, Part S, Column 3		• S3

PART T – 2017 Alabama Historic Rehabilitation Tax Credit* – For project numbers beginning with 2018 and forward.

T1 Amount of tax credit certificate issued by the Historic Tax Commission or Transfer Credit Certificate issued by the Department of Revenue for any project placed in service this year

	Project Number	Date Placed In Service	Credit Amount
• T1a			
• T1b			
• T1c			

T2 CREDIT ALLOWABLE. Add line T1a, T1b and line T1c. Enter here and on Section C, Part T, Column 3



Alabama Department of Revenue
Other Available Credits
ATTACH TO FORM 40 OR 40NR

* Individual Credits must be submitted through My Alabama Taxes (MAT) before completion of the Schedule OC. See instructions for submission details.

Name(s) as shown on Form 40 or 40NR	Your social security number
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PART U – Railroad Modernization Act of 2019*

U1 Enter the amount of credit as reported on your Transfer Credit Certificate issued by the Department of Revenue.
Enter here and on Section C, Part U, Column 3 **U1**

PART V – Storm Shelter Credit*

V1 Credit from Alabama Emergency Management Agency Tax Credit Certificate. Enter here and on Section C, Part V, Column 3 **V1**

PART W – Volunteer Emergency Responders Tax Credit *

W1 Enter amount from Emergency Responders Credit certificate. Enter here and on Section C, Part W, Column 3. **W1**

PART X – Innovate Alabama. (Any unused Innovate Alabama Credit may be carried forward for a maximum of 5 years.)

Name of Economic Development Organization • _____

X1 Enter the amount approved by Innovate Alabama	• X1	
X2 Pro rata share of credit from Schedule K-1	• X2	
FEIN of entity • _____ (if credit from more than one entity attach schedule.)		
X3 Current Year Credit Available. Add line X1 and line X2. Enter here and on Section C, Part X, Column 2	• X3	
X4 Multiply the current tax liability (Section A) by 50%	• X4	
X5 Current Year Credit Allowable. Enter the lesser of line X3 and line X4. Enter here and on Section C, Part X, Column 3.	• X5	
X6 MAXIMUM CREDIT ALLOWABLE FOR PRIOR YEAR CREDIT CARRYFORWARD. Subtract line X5 from line X4. Enter here and on line X7a, Column 3.	• X6	
X7 Calculation of Allowable Prior Year Credit Carryforward - enter here and on Section D. If Part X, line X6 is equal to zero, do not complete this section.		

	Column 1	Column 2	Column 3	Column 4	Column 5
	Credit Year (YYYY)	Credit Carryforward Available	Credit Limitation (Line X7a, Col. 3 equals line X6. Lines X7b - X7e, Col.3 equal Co. 5, prior row)	Maximum Credit Carryforward Available This Year (Lesser of Col. 2 or Col. 3)	Unused Credit Limitation (Col. 3 minus Col. 4)
• X7a					
• X7b					
• X7c					
• X7d					
• X7e					
• X7f	Maximum Credit Carryforward Available. Sum of Column 4, line X7a, X7b, X7c, X7d and X7e.				

PART Y – Volunteer First Responder Mileage Income Tax Credit *

Y1 Enter amount from Volunteer First Responder Mileage Income Tax Credit certificate. Enter here and on Section C, Part Y, Column 3 **Y1**

PART Z – Preceptor Tax Incentive Credit*

Z1 Enter amount from Preceptor Tax Incentive Program Certificate issued by Alabama Statewide Area Health Education Center Program Office.
Enter here and on Section C, Part Z, Column 3 **Z1**

PART AA – Income Tax Capital Credit - You must attach Form KRCC and Schedule KRCC-I to your Alabama return.

AA1 Enter Capital Credit allowable from Schedule KRCC-I, Part III, line 5. Enter here and on Section C, Part AA, Column 3. **AA1**



Name(s) as shown on Form 40 or 40NR

Your social security number

SECTION C Current Credit Summary

See Schedule OC Instructions.

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7
Type of Credit	Current Credit Available	Current Credit Allowable	Tax Due to be Offset	Current Credit Applied	Balance of Tax Due (Col. 4 - Col. 5)	Credit Carryforward
● Part A • Credit for Taxes Paid to Other State						
● Part B • Alabama Enterprise Zone						
● Part C • Basic Skills Education Credit						
● Part D • Rural Physician Credit						
● Part E • Coal Credit						
● Part F • Full Employment Act of 2011						
● Part G • Veterans Employment Act – Employer Credit						
● Part H • Veterans Employment Act – Business Start-up Expense Credit						
● Part I • Credit for Taxes paid to Foreign Country						
● Part J • Qualified Irrigation System/Reservoir System Tax Credit						
● Part K • Alabama Accountability Tax Credit – School Transfer Credit						
● Part L • Alabama Accountability Tax Credit – Scholarship Granting Organization (SGO) portion						
● Part M • Alabama Adoption Tax Credit						

THIS SCHEDULE CAN ONLY BE SUBMITTED AND/OR PRINTED VIA LANDSCAPE



Name(s) as shown on Form 40 or 40NR

Your social security number

SECTION C Current Credit Summary

See Schedule OC Instructions.

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7
Type of Credit	Current Credit Available	Current Credit Allowable	Tax Due to be Offset	Current Credit Applied	Balance of Tax Due (Col. 4 - Col. 5)	Credit Carryforward
● Part N • 2013 Alabama Historic Rehabilitation Tax Credit						
● Part O • Career - Technical Dual Enrollment Credit						
● Part P • Investment Credit – Alabama Jobs Act						
● Part Q • Port Credit – Alabama Renewal Act						
● Part R • Growing Alabama Credit						
● Part S • Apprenticeship Tax Credit						
● Part T • 2017 Alabama Historic Rehabilitation Tax Credit						
● Part U • Railroad Modernization Act of 2019 Credit						
● Part V • Storm Shelter Credit						
● Part W • Volunteer Emergency Responders Tax Credit						
● Part X • Innovate Alabama						
● Part Y • Volunteer First Responder Mileage Income Tax Credit						
● Part Z • Preceptor Tax Incentive Credit						
● Part AA • Income Tax Capital Credit						
1. Total Current Credits. Total Section C, Column 5, Part A through AA						

THIS SCHEDULE CAN ONLY BE SUBMITTED AND/OR PRINTED VIA LANDSCAPE



Name(s) as shown on Form 40 or 40NR	Your social security number
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SECTION D Credit Carryforward Prior Years

In Column C list any prior year credit carryforwards for application. In Column E enter the Balance of Tax Due from Section C, Column 6. If no Credits were taken in Section C, enter the tax liability from Section A of this form into the first row of Column E. Repeat the steps that follow for each carryforward: Subtract Column E from Column D. If the Column E is less than or equal to Column D, enter Column E in Column F and compute Column G (Column C – Column F). If the Column E is greater than Column D, enter Column D in Column F. For the remaining rows, use the preceding Column E minus Column F as the Balance of Tax Due in Column E. (See instructions for more details)

*For the Career - Technical Dual Enrollment Credit, Growing Alabama Credit, and Innovate Alabama Credit carryforward computation, the Allowable Carryforward Credit in Column D is limited to the Maximum Credit Carryforward Available This Year in Column 4 of Section B, Part O, Line O9, Section B, Part R, Line R7, and Section B, Part X, Line X7. All others Column D equals Column C.

	Column A Type of Credit Carryforward	Column B Year Carryforward Generated (YYYY)	Column C Available Carryforward Credit	Column D Allowable Carryforward Credit	Column E Balance of Tax Due	Column F Amount Used this Period	Column G Remaining Unused Carryforward (Col. C - Col. F)
• 1							
• 2							
• 3							
• 4							
• 5							
• 6							
• 7							
• 8							
• 9							
• 10							
• 11							
• 12							
• 13							
• 14							
• 15							
• 16							
• 17							
• 18							
• 19							
• 20							
• 21	Total Prior Year Credit Carryforward. Total Section D, Column F, lines 1 through 20						

SECTION E Net Tax Due Computation

E1 Current Year Tax Liability. Enter amount from Section A of this form	• E1	
E2 Total Current Year Credits Applied. Enter amount from Section C, line 1	• E2	
E3 Prior Year Credit Carryforwards applied. Enter amount from Section D, line 21	• E3	
E4 Total Credits Utilized This Year. Add lines E2 and E3	• E4	
E5 Net Tax Due. Subtract E4 from E1. Enter the results here and on Form 40, Page 1, line 18 or Form 40NR, Page 1, line 20	• E5	

SECTION F Total Refundable Credits

F1 Alabama Accountability Tax Credit – School Transfer Credit. Subtract Section C, Part K, Column 5 from Section C, Part K, Column 3	• F1	
F2 Alabama Adoption Tax Credit. Subtract Section C, Part M, Column 5 from Section C, Part M, Column 3	• F2	
F3 2017 Alabama Historic Rehabilitation Tax Credit. Subtract Section C, Part T, Column 5 from Section, C, Part T, Column 3	• F3	
F4 Total Refundable Credits. Add lines F1, F2 and F3. Enter the results here and on Page 1, line 25 of your return (Form 40 or Form 40NR)	• F4	



SCHEDULE
AATC 2024



Alabama Department of Revenue
Alabama Accountability Tax Credit

NAME(S) AS SHOWN ON TAX RETURN

PRIMARY SOCIAL SECURITY NO. SPOUSE SOCIAL SECURITY NO.

PART I

ALABAMA DEPARTMENT OF REVENUE

Credit for Transferring from Failing Public School to Nonfailing Public School or Nonpublic School

- 1 Name of student: _____
- 2 Social security number of student: _____
- 3 Name of failing school attended or zoned for: _____
- 4 Name of school transferred to: _____
- 5 Grade level at time of transfer: _____
- 6 Date of enrollment at nonfailing public school or nonpublic school: _____
- 7 80% of the average annual cost of attendance for an Alabama public K-12 student.
- 8 Actual cost of attending nonfailing public school or nonpublic school.
- 9 Enter the lesser of line 7 or line 8.

7	5,008	00
8		
9		

- 10 Name of student: _____
- 11 Social security number of student: _____
- 12 Name of failing school attended or zoned for: _____
- 13 Name of school transferred to: _____
- 14 Grade level at time of transfer: _____
- 15 Date of enrollment at nonfailing public school or nonpublic school: _____
- 16 80% of the average annual cost of attendance for an Alabama public K-12 student.
- 17 Actual cost of attending nonfailing public school or nonpublic school.
- 18 Enter the lesser of line 16 or line 17.

16	5,008	00
17		
18		

- 19 Name of student: _____
- 20 Social security number of student: _____
- 21 Name of failing school attended or zoned for: _____
- 22 Name of school transferred to: _____
- 23 Grade level at time of transfer: _____
- 24 Date of enrollment at nonfailing public school or nonpublic school: _____
- 25 80% of the average annual cost of attendance for an Alabama public K-12 student.
- 26 Actual cost of attending nonfailing public school or nonpublic school.
- 27 Enter the lesser of line 25 or line 26.

25	5,008	00
26		
27		

- 28 Name of student: _____
- 29 Social security number of student: _____
- 30 Name of failing school attended or zoned for: _____
- 31 Name of school transferred to: _____
- 32 Grade level at time of transfer: _____
- 33 Date of enrollment at nonfailing public school or nonpublic school: _____
- 34 80% of the average annual cost of attendance for an Alabama public K-12 student.
- 35 Actual cost of attending nonfailing public school or nonpublic school.
- 36 Enter the lesser of line 34 or line 35.

34	5,008	00
35		
36		

- 37 Add the amounts from line 9, line 18, line 27, and line 36. Enter the amount here and on Schedule OC, Section B, Part K, line K1

37		
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Alabama Department of Revenue
Alabama Adoption Tax Credit

NAME(S) AS SHOWN ON TAX RETURN

PRIMARY'S SOCIAL SECURITY NO. SPOUSE'S SOCIAL SECURITY NO.

Part I - (Adoptee was an Alabama resident): Information about your eligible child who was either a qualified foster child or was adopted through a private adoption and the adoptive parent/parents reside in Alabama. Adopting children of either parent will not qualify for the adoption credit.

Table with 6 columns: A Name of Child, B Effective Date of Adoption, C Social Security Number of Child, D Name of Birth Mother, E Name of Adoption Agency, F Address of Adoption Agency. Rows 1-5.

Part II - (Adoptee was not an Alabama resident): Information about your eligible child who was adopted through an out-of-state adoption or is otherwise not a resident of Alabama and the adoptive parent/parents reside in Alabama. Adopting children of either parent will not qualify for the adoption credit.

Table with 6 columns: A Name of Child, B Effective Date of Adoption, C Social Security Number of Child, D Name of Birth Mother, E Name of Adoption Agency, F Address of Adoption Agency. Rows 1-5.

Part III - Adoption Credit

Summary table with 3 rows: 1. Multiply the total number of qualifying adoptees from Part 1 by \$2,000... 2. Multiply the total number of qualifying adoptees from Part 2 by \$1,000... 3. Add lines 1 and 2 and enter total here... Columns for description and amount.

THIS SCHEDULE CAN ONLY BE SUBMITTED AND/OR PRINTED VIA LANDSCAPE



Alabama Department of Revenue
**Recipient's Share Of Capital Credit For
Individual Taxpayers**

For tax year • beginning _____, 20_____, and • ending _____, 20_____.

PART I - RECIPIENT INFORMATION

• Recipient's Name: _____ • Social Security Number: _____

PART II - PROJECT INFORMATION

	Project 1	Project 2	Project 3
• Project Number			
• Project's Placed in Service Date..			
• Project Entity Name			
• Distributing Entity Name			
• Distributing Entity FEIN.			

PART III - CAPITAL CREDIT CALCULATION

	Project 1	Project 2	Project 3
• 1. Recipient's share of project income in Alabama (Form K-RCC, Part III, line 3)			
• 2. Recipient's Alabama tax liability generated by project income (see Part IV below for allocation method)..			
• 3. Recipient's share of capital credit available for this tax year (Form K-RCC, Part III, line 5).			
• 4. Capital credit eligible to be applied to recipient's tax liability (enter lesser of line 2 and line 3)			
• 5. Total Capital credit eligible to be applied to recipient's tax liability. Total line 4 for all projects. Enter this amount here and on Schedule OC, Section B, Part AA, line AA1			

PART IV - ALLOCATION METHOD SCHEDULE - COMPLETE ONLY IF ALLOCATION METHOD IS USED

	Project 1	Project 2	Project 3
1. Recipient's share of project income in Alabama (from Part III, line 1 above)			
• 2. Recipient's adjusted gross income (from recipient's Alabama income tax return)..			
• 3. Allocation percentage (divide line 1 by line 2) If line 1 is greater than line 2, enter 100%.	%	%	%
• 4. Recipient's tax liability (from recipient's Alabama income tax return)			
• 5. Tax liability generated by project income (multiply line 4 by line 3) Enter this amount on Part III, line 2 above			

INSTRUCTIONS

This schedule is used to calculate the recipient's tax liability generated from the qualifying project. Schedule KRCC-I and a copy of Form K-RCC (as received from the distributing entity) for each project must be attached to the income tax return. If recipient is using the allocation method to determine the Alabama tax liability generated by project income, complete Part IV. If using the with/without method, see instructions below.

Step 1 – If the with/without method is chosen, you must complete two federal income tax returns through the tax liability line. The return to be filed with the Internal Revenue Service should include the income from the project operations. A second return must be completed through the tax liability line but should not include the project income in Alabama. Any deductions limited by the amount of adjusted gross income must also be adjusted in the second return before computing the tax liability. The federal income tax deduction related to the project income in Alabama is the difference in the amount shown on the return to be filed and the second return.

Step 2 – Once you have completed the federal returns, you must complete two Alabama income tax returns through the tax liability line. The return to be filed with the Alabama Department of Revenue should include the income from the project operations. A second return must be completed through the tax liability line but should not include the project income in Alabama. Any deductions limited by the amount of adjusted gross income must also be adjusted in the second return before computing the tax liability. The applicable federal income tax deduction should be indicated from the federal returns completed in Step 1. The Alabama tax liability generated by the project income in Alabama is the difference in the amount shown on the return to be filed and the second return. The second returns should be maintained for audit purposes and are not to be filed with the first return.



Alabama Department of Revenue
**Recipient's Share Of Capital Credit For
Individual Taxpayers**

For tax year • beginning _____, 20_____, and • ending _____, 20_____.

PART I - RECIPIENT INFORMATION

• Recipient's Name: _____ • Social Security Number: _____

PART II - PROJECT INFORMATION

	Project 1	Project 2	Project 3
• Project Number			
• Project's Placed in Service Date..			
• Project Entity Name			
• Distributing Entity Name			
• Distributing Entity FEIN.			

PART III - CAPITAL CREDIT CALCULATION

	Project 1	Project 2	Project 3
• 1. Recipient's share of project income in Alabama (Form K-RCC, Part III, line 3)			
• 2. Recipient's Alabama tax liability generated by project income (see Part IV below for allocation method)..			
• 3. Recipient's share of capital credit available for this tax year (Form K-RCC, Part III, line 5).			
• 4. Capital credit eligible to be applied to recipient's tax liability (enter lesser of line 2 and line 3)			
• 5. Total Capital credit eligible to be applied to recipient's tax liability. Total line 4 for all projects. Enter this amount here and on Schedule OC, Section B, Part AA, line AA1			

PART IV - ALLOCATION METHOD SCHEDULE - COMPLETE ONLY IF ALLOCATION METHOD IS USED

	Project 1	Project 2	Project 3
1. Recipient's share of project income in Alabama (from Part III, line 1 above)			
• 2. Recipient's adjusted gross income (from recipient's Alabama income tax return)..			
• 3. Allocation percentage (divide line 1 by line 2) If line 1 is greater than line 2, enter 100%.	%	%	%
• 4. Recipient's tax liability (from recipient's Alabama income tax return)			
• 5. Tax liability generated by project income (multiply line 4 by line 3) Enter this amount on Part III, line 2 above			

INSTRUCTIONS

This schedule is used to calculate the recipient's tax liability generated from the qualifying project. Schedule KRCC-I and a copy of Form K-RCC (as received from the distributing entity) for each project must be attached to the income tax return. If recipient is using the allocation method to determine the Alabama tax liability generated by project income, complete Part IV. If using the with/without method, see instructions below.

Step 1 – If the with/without method is chosen, you must complete two federal income tax returns through the tax liability line. The return to be filed with the Internal Revenue Service should include the income from the project operations. A second return must be completed through the tax liability line but should not include the project income in Alabama. Any deductions limited by the amount of adjusted gross income must also be adjusted in the second return before computing the tax liability. The federal income tax deduction related to the project income in Alabama is the difference in the amount shown on the return to be filed and the second return.

Step 2 – Once you have completed the federal returns, you must complete two Alabama income tax returns through the tax liability line. The return to be filed with the Alabama Department of Revenue should include the income from the project operations. A second return must be completed through the tax liability line but should not include the project income in Alabama. Any deductions limited by the amount of adjusted gross income must also be adjusted in the second return before computing the tax liability. The applicable federal income tax deduction should be indicated from the federal returns completed in Step 1. The Alabama tax liability generated by the project income in Alabama is the difference in the amount shown on the return to be filed and the second return. The second returns should be maintained for audit purposes and are not to be filed with the first return.



Loss Year Ending

Alabama Department of Revenue

• _____
(mm/dd/yyyy)

Computation of Net Operating Loss

Name(s) as shown on Tax Return

Your Social Security Number

PURPOSE OF SCHEDULE. Form NOL-85 is designed to determine the actual **net operating loss** sustained in the loss year that may be carried back or carried forward. Before preparing this form, the loss year return **must** first be completed through the taxable income line. See instructions on the reverse side for further information.

PART I – Excess of Nonbusiness Deductions Over Nonbusiness Income

NONBUSINESS DEDUCTIONS:

1(a) Federal income tax claimed as a deduction on the loss year return			• 1a
(b) Loss on sale of nonbusiness assets			• 1b
(c) Payments to Individual Retirement Arrangement (IRA), Keogh retirement plan, or SEP plan			• 1c
(d) Penalty on early withdrawal of savings (Form 40 only)			• 1d
(e) Alimony paid			• 1e
(f) Adoption expenses			• 1f
(g) Self employed health insurance deduction from Page 2, Part II of Form 40 or 40NR			• 1g
(h) Other (explain)			• 1h
2(a) Enter the Standard Deduction claimed on return. Skip lines 2b, 3a-b, 4, and 5			• 2a

(b) Enter the Total Itemized Deductions claimed on Schedule A	• 2b		
--	------	--	--

LESS BUSINESS DEDUCTIONS:

3(a) Casualty or theft loss claimed on Schedule A	• 3a		
(b) Other miscellaneous business deductions	• 3b		
4 Total Adjustments to Schedule A. Add lines 3a and 3b	• 4		
5 TOTAL NONBUSINESS ITEMIZED DEDUCTIONS. Subtract line 4 from line 2b			• 5
6 TOTAL NONBUSINESS DEDUCTIONS. Add lines 1a through 2a and 5			• 6

NONBUSINESS INCOME:

7(a) Interest and Dividend Income (Form 40 only)	• 7a		
(b) Gain on sale of nonbusiness assets	• 7b		
(c) Federal income tax refunds reported on loss year return (Form 40 only)	• 7c		
(d) Taxable distributions from pensions, annuities, IRAs or other retirement plans (Form 40 only)	• 7d		
(e) Alimony received (Form 40 only)	• 7e		
(f) Trust and/or Estate income from Schedule E	• 7f		

(g) Other (explain)			
On line 7(g) include items such as director's fees, royalty income, gambling income, prizes, awards, etc.	• 7g		
8 TOTAL NONBUSINESS INCOME. Add lines 7a through 7g			• 8

9 EXCESS NONBUSINESS DEDUCTIONS OVER NONBUSINESS INCOME. If line 6 exceeds line 8, subtract line 8 from line 6. Enter the result here and on line 5, Part II below. If line 8 exceeds line 6, enter -0- here and also on line 5, Part II below.			• 9
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PART II – Computation of Net Operating Loss

1	Enter the Taxable Income from Form 40 or Form 40NR (must be a negative amount) ▶	• 1		
Modifications – (enter all amounts on lines 2 through 6 below as positive amounts)				
2	Net Operating Loss claimed on the loss year return (if any)	2		
3	Personal exemption claimed on the loss year return	• 3		
4	Dependent exemption claimed on the loss year return	• 4		
5	Enter the Excess Nonbusiness Deductions Over Nonbusiness Income from line 9, Part I above	• 5		
6	TOTAL MODIFICATIONS. Add lines 2, 3, 4, and 5	• 6		
7	NET-OPERATING LOSS ALLOWABLE. Combine lines 1 and 6. If the result is a negative figure, enter here. If zero or a positive figure – STOP – DO NOT FILE THIS FORM. You DO NOT have a net operating loss ▶	• 7		

PART III – Election to Forfeit Carryback Provision (CAUTION – Do Not Complete Part III If You Are Carrying Loss Back)

If the amount on line 7, Part II above is a negative figure, you may elect to carry this loss forward or it must be carried back 2 years (3 years prior to January 1, 1998) and any unused portion may then be carried forward to succeeding years (see instructions). See Part III instructions for election to forfeit carryback provision.

By checking the box, I hereby elect to forfeit the carryback provision and instead elect to carryforward any allowable net operating loss for this taxable year. •



Alabama Department of Revenue

For Year Ending

APPLICATION OF
Net Operating Loss Carryback or Carryforward

• _____
(Enter year (mm/dd/yyyy) to which loss is being carried)

Name(s) as shown on Tax Return

Your Social Security Number

PURPOSE OF SCHEDULE. Form NOL-85A is designed to apply a net operating loss to the tax year to which the loss is being carried. Before Form NOL-85A can be completed, you **must** first complete **Form NOL-85** to determine the amount of net operating loss that may be carried back or forward. See instructions on the reverse side for further information.

- 1(a) Enter the tax year during which the net operating loss was incurred. Beginning • _____, _____ Ending • _____, _____
- (b) Did you elect on Form NOL-85 to forfeit the election to carry this loss back? Yes No
- (c) Did you timely file the subsequent year's return and claim the net operating loss thereon? Yes No

PART I – Computation

2	Enter the net operating loss as shown on line 7, Part II, Form NOL-85, or as shown on line 7, Form NOL-85A (see instructions) ▶	• 2		
3	Enter the taxable income as shown on Form 40 or Form 40NR for the tax year to which the loss is being carried	• 3		
MODIFICATIONS				
4(a)	Personal Exemption. Enter the amount of personal exemption claimed on the return to which the loss is being carried.	• 4a		
4(b)	Dependent Exemption. Enter the amount of dependent exemption claimed on the return to which the loss is being carried.	• 4b		
5	TOTAL MODIFICATIONS. Add lines 4(a) and 4(b).	5		
6	MODIFIED TAXABLE INCOME. Add lines 3 and 5. If negative enter zero.	6		
7	UNUSED NET OPERATING LOSS. If line 2 exceeds line 6, subtract line 6 from line 2. Enter difference here and enter zero (0) on the tax due line of Form 40 or Form 40NR. DO NOT complete Part II below. The amount on line 7 may be carried forward to the next applicable year (Form NOL-85A, line 2). If line 6 exceeds line 2, enter zero here and complete Part II below. ▶	• 7		

If the Net Operating Loss Deduction on line 2 above is:

- a. **Less** than the taxable income reported on line 3 above, complete lines 8 through 14 below.
- b. **Equal to or greater** than the taxable income reported on line 3 above, check here and **SKIP** lines 8 through 13, and enter zero on line 14.



PART II – Application

8	Enter the Adjusted Gross Income as shown on the return (or prior adjustment or prior NOL-85A) for the year to which the loss is being carried	• 8		
9	Net Operating Loss to be Applied. Enter the amount from line 2, Part I above.	• 9		
10	MODIFIED ADJUSTED GROSS INCOME. Subtract line 9 from line 8 and enter the result here. (If you filed Form 40NR, complete Part III before completing lines 11 through 14.) ▶	• 10		
DEDUCTIONS				
11(a)	Standard Deduction. If you claimed the Standard Deduction on the return to which the loss is being carried, recompute the Standard Deduction based on the Modified Adjusted Gross Income shown on line 10	• 11a		
(b)	Itemized Deductions. If you claimed Itemized Deductions on the return to which the loss is being carried, recompute the itemized deductions based on the Modified Adjusted Gross Income shown on line 10	• 11b		
(c)	Federal Income Tax. Enter the federal income tax as last determined and claimed as a deduction on the return to which the loss is being carried.	• 11c		
(d)	Personal Exemption. Enter the personal exemption as claimed on the return to which the loss is being carried	• 11d		
(e)	Dependent Exemption. Enter the dependent exemption as last determined and claimed on the return, recompute the dependent exemption based on the Modified Adjusted Gross Income shown on line 10, to which the loss is being carried	• 11e		
12	TOTAL DEDUCTIONS. Add lines 11a through 11e.		12	
13	TAXABLE INCOME AS ADJUSTED. Subtract line 12 from line 10 and enter result here. ▶	• 13		
14	TAX DUE AFTER APPLICATION OF NET OPERATING LOSS. Compute the tax due using the tax tables for the year to which the loss is being carried. Enter the result here and also on the TAX DUE line of Form 40 or Form 40NR ▶	• 14		

PART III – Modified Adjusted Gross Income Percentage (This section to be completed by nonresidents only)

15	Adjusted Gross Income From All Sources. Enter the adjusted gross income from all sources as shown on the return to which the loss is being applied	• 15		
16	Net Operating Loss to be Applied. Enter the amount shown on line 9, Part II.	• 16		
17	Modified Adjusted Gross Income From All Sources. Subtract line 16 from line 15 ▶	• 17		
18	Modified Adjusted Gross Income From Alabama Sources. Enter the amount from line 10, Part II	• 18		
19	Percentage of Alabama Adjusted Gross Income to Total Adjusted Gross Income From All Sources After Modifications. Divide the amount on line 18 by the amount on line 17 and enter percentage here (but not over 100%). ▶	• 19		

The percentage on line 19 should be used to recompute the Standard Deduction or Itemized Deductions, Federal Income Tax Deduction, Personal Exemption, and Dependent Exemption on lines 11a through 11e, Part II. **NOTE:** If you are married and filed separate Alabama returns and a joint Federal return, **DO NOT** use the percentage on line 19 to recompute the federal income tax deduction. See Special Instructions for Nonresidents.



Alabama Department of Revenue

For Year Ending

APPLICATION OF
Net Operating Loss
Carryback or Carryforward

• _____
(Enter year (mm/dd/yyyy) to which loss is being carried)

Name(s) as shown on Tax Return

Your Social Security Number

PURPOSE OF SCHEDULE. Form NOL-85A is designed to apply a net operating loss to the tax year to which the loss is being carried. Before Form NOL-85A can be completed, you **must** first complete Form NOL-85 to determine the amount of net operating loss that may be carried back or forward. See instructions on the reverse side for further information.

- 1(a) Enter the tax year during which the net operating loss was incurred. Beginning • _____, _____ Ending • _____, _____
- (b) Did you elect on Form NOL-85 to forfeit the election to carry this loss back? Yes No
- (c) Did you timely file the subsequent year's return and claim the net operating loss thereon? Yes No

PART I – Computation

2	Enter the net operating loss as shown on line 7, Part II, Form NOL-85, or as shown on line 7, Form NOL-85A (see instructions) ▶	• 2	
3	Enter the taxable income as shown on Form 40 or Form 40NR for the tax year to which the loss is being carried	• 3	
MODIFICATIONS			
4(a)	Personal Exemption. Enter the amount of personal exemption claimed on the return to which the loss is being carried.	• 4a	
4(b)	Dependent Exemption. Enter the amount of dependent exemption claimed on the return to which the loss is being carried.	• 4b	
5	TOTAL MODIFICATIONS. Add lines 4(a) and 4(b).	5	
6	MODIFIED TAXABLE INCOME. Add lines 3 and 5. If negative enter zero.	6	
7	UNUSED NET OPERATING LOSS. If line 2 exceeds line 6, subtract line 6 from line 2. Enter difference here and enter zero (0) on the tax due line of Form 40 or Form 40NR. DO NOT complete Part II below. The amount on line 7 may be carried forward to the next applicable year (Form NOL-85A, line 2). If line 6 exceeds line 2, enter zero here and complete Part II below. ▶	• 7	

If the Net Operating Loss Deduction on line 2 above is:

- a. **Less** than the taxable income reported on line 3 above, complete lines 8 through 14 below.
- b. **Equal to or greater** than the taxable income reported on line 3 above, check here and **SKIP** lines 8 through 13, and enter zero on line 14.



PART II – Application

8	Enter the Adjusted Gross Income as shown on the return (or prior adjustment or prior NOL-85A) for the year to which the loss is being carried	• 8		
9	Net Operating Loss to be Applied. Enter the amount from line 2, Part I above.	• 9		
10	MODIFIED ADJUSTED GROSS INCOME. Subtract line 9 from line 8 and enter the result here. (If you filed Form 40NR, complete Part III before completing lines 11 through 14.) ▶	• 10		
DEDUCTIONS				
11(a)	Standard Deduction. If you claimed the Standard Deduction on the return to which the loss is being carried, recompute the Standard Deduction based on the Modified Adjusted Gross Income shown on line 10	• 11a		
(b)	Itemized Deductions. If you claimed Itemized Deductions on the return to which the loss is being carried, recompute the itemized deductions based on the Modified Adjusted Gross Income shown on line 10	• 11b		
(c)	Federal Income Tax. Enter the federal income tax as last determined and claimed as a deduction on the return to which the loss is being carried.	• 11c		
(d)	Personal Exemption. Enter the personal exemption as claimed on the return to which the loss is being carried	• 11d		
(e)	Dependent Exemption. Enter the dependent exemption as last determined and claimed on the return, recompute the dependent exemption based on the Modified Adjusted Gross Income shown on line 10, to which the loss is being carried	• 11e		
12	TOTAL DEDUCTIONS. Add lines 11a through 11e.		12	
13	TAXABLE INCOME AS ADJUSTED. Subtract line 12 from line 10 and enter result here. ▶	• 13		
14	TAX DUE AFTER APPLICATION OF NET OPERATING LOSS. Compute the tax due using the tax tables for the year to which the loss is being carried. Enter the result here and also on the TAX DUE line of Form 40 or Form 40NR. ▶	• 14		

PART III – Modified Adjusted Gross Income Percentage (This section to be completed by nonresidents only)

15	Adjusted Gross Income From All Sources. Enter the adjusted gross income from all sources as shown on the return to which the loss is being applied	• 15		
16	Net Operating Loss to be Applied. Enter the amount shown on line 9, Part II.	• 16		
17	Modified Adjusted Gross Income From All Sources. Subtract line 16 from line 15 ▶	• 17		
18	Modified Adjusted Gross Income From Alabama Sources. Enter the amount from line 10, Part II	• 18		
19	Percentage of Alabama Adjusted Gross Income to Total Adjusted Gross Income From All Sources After Modifications. Divide the amount on line 18 by the amount on line 17 and enter percentage here (but not over 100%). ▶	• 19		

The percentage on line 19 should be used to recompute the Standard Deduction or Itemized Deductions, Federal Income Tax Deduction, Personal Exemption, and Dependent Exemption on lines 11a through 11e, Part II. **NOTE:** If you are married and filed separate Alabama returns and a joint Federal return, **DO NOT** use the percentage on line 19 to recompute the federal income tax deduction. See Special Instructions for Nonresidents.



Alabama Department of Revenue

For Year Ending

APPLICATION OF
Net Operating Loss
Carryback or Carryforward

• _____
(Enter year (mm/dd/yyyy) to which loss is being carried)

Name(s) as shown on Tax Return

Your Social Security Number

PURPOSE OF SCHEDULE. Form NOL-85A is designed to apply a net operating loss to the tax year to which the loss is being carried. Before Form NOL-85A can be completed, you **must** first complete Form NOL-85 to determine the amount of net operating loss that may be carried back or forward. See instructions on the reverse side for further information.

- 1(a) Enter the tax year during which the net operating loss was incurred. Beginning ● _____, _____ Ending ● _____, _____
- (b) Did you elect on Form NOL-85 to forfeit the election to carry this loss back? Yes No
- (c) Did you timely file the subsequent year's return and claim the net operating loss thereon? Yes No

PART I – Computation

2	Enter the net operating loss as shown on line 7, Part II, Form NOL-85, or as shown on line 7, Form NOL-85A (see instructions) ▶	• 2	
3	Enter the taxable income as shown on Form 40 or Form 40NR for the tax year to which the loss is being carried	• 3	
MODIFICATIONS			
4(a)	Personal Exemption. Enter the amount of personal exemption claimed on the return to which the loss is being carried.	• 4a	
4(b)	Dependent Exemption. Enter the amount of dependent exemption claimed on the return to which the loss is being carried.	• 4b	
5	TOTAL MODIFICATIONS. Add lines 4(a) and 4(b).	5	
6	MODIFIED TAXABLE INCOME. Add lines 3 and 5. If negative enter zero.	6	
7	UNUSED NET OPERATING LOSS. If line 2 exceeds line 6, subtract line 6 from line 2. Enter difference here and enter zero (0) on the tax due line of Form 40 or Form 40NR. DO NOT complete Part II below. The amount on line 7 may be carried forward to the next applicable year (Form NOL-85A, line 2). If line 6 exceeds line 2, enter zero here and complete Part II below. ▶	• 7	

If the Net Operating Loss Deduction on line 2 above is:

- a. **Less** than the taxable income reported on line 3 above, complete lines 8 through 14 below.
- b. **Equal to or greater** than the taxable income reported on line 3 above, check here and **SKIP** lines 8 through 13, and enter zero on line 14.



PART II – Application

8	Enter the Adjusted Gross Income as shown on the return (or prior adjustment or prior NOL-85A) for the year to which the loss is being carried	• 8		
9	Net Operating Loss to be Applied. Enter the amount from line 2, Part I above.	• 9		
10	MODIFIED ADJUSTED GROSS INCOME. Subtract line 9 from line 8 and enter the result here. (If you filed Form 40NR, complete Part III before completing lines 11 through 14.) ▶	• 10		
DEDUCTIONS				
11(a)	Standard Deduction. If you claimed the Standard Deduction on the return to which the loss is being carried, recompute the Standard Deduction based on the Modified Adjusted Gross Income shown on line 10	• 11a		
(b)	Itemized Deductions. If you claimed Itemized Deductions on the return to which the loss is being carried, recompute the itemized deductions based on the Modified Adjusted Gross Income shown on line 10	• 11b		
(c)	Federal Income Tax. Enter the federal income tax as last determined and claimed as a deduction on the return to which the loss is being carried.	• 11c		
(d)	Personal Exemption. Enter the personal exemption as claimed on the return to which the loss is being carried	• 11d		
(e)	Dependent Exemption. Enter the dependent exemption as last determined and claimed on the return, recompute the dependent exemption based on the Modified Adjusted Gross Income shown on line 10, to which the loss is being carried	• 11e		
12	TOTAL DEDUCTIONS. Add lines 11a through 11e.		12	
13	TAXABLE INCOME AS ADJUSTED. Subtract line 12 from line 10 and enter result here. ▶	• 13		
14	TAX DUE AFTER APPLICATION OF NET OPERATING LOSS. Compute the tax due using the tax tables for the year to which the loss is being carried. Enter the result here and also on the TAX DUE line of Form 40 or Form 40NR. ▶	• 14		

PART III – Modified Adjusted Gross Income Percentage (This section to be completed by nonresidents only)

15	Adjusted Gross Income From All Sources. Enter the adjusted gross income from all sources as shown on the return to which the loss is being applied	• 15		
16	Net Operating Loss to be Applied. Enter the amount shown on line 9, Part II.	• 16		
17	Modified Adjusted Gross Income From All Sources. Subtract line 16 from line 15 ▶	• 17		
18	Modified Adjusted Gross Income From Alabama Sources. Enter the amount from line 10, Part II	• 18		
19	Percentage of Alabama Adjusted Gross Income to Total Adjusted Gross Income From All Sources After Modifications. Divide the amount on line 18 by the amount on line 17 and enter percentage here (but not over 100%). ▶	• 19		

The percentage on line 19 should be used to recompute the Standard Deduction or Itemized Deductions, Federal Income Tax Deduction, Personal Exemption, and Dependent Exemption on lines 11a through 11e, Part II. **NOTE:** If you are married and filed separate Alabama returns and a joint Federal return, **DO NOT** use the percentage on line 19 to recompute the federal income tax deduction. See Special Instructions for Nonresidents.



Alabama Department of Revenue

For Year Ending

APPLICATION OF
Net Operating Loss
Carryback or Carryforward

• _____
(Enter year (mm/dd/yyyy) to which loss is being carried)

Name(s) as shown on Tax Return

Your Social Security Number

PURPOSE OF SCHEDULE. Form NOL-85A is designed to apply a net operating loss to the tax year to which the loss is being carried. Before Form NOL-85A can be completed, you **must** first complete Form NOL-85 to determine the amount of net operating loss that may be carried back or forward. See instructions on the reverse side for further information.

- 1(a) Enter the tax year during which the net operating loss was incurred. Beginning • _____, _____ Ending • _____, _____
- (b) Did you elect on Form NOL-85 to forfeit the election to carry this loss back? Yes No
- (c) Did you timely file the subsequent year's return and claim the net operating loss thereon? Yes No

PART I – Computation

2	Enter the net operating loss as shown on line 7, Part II, Form NOL-85, or as shown on line 7, Form NOL-85A (see instructions) ▶	• 2	
3	Enter the taxable income as shown on Form 40 or Form 40NR for the tax year to which the loss is being carried	• 3	
MODIFICATIONS			
4(a)	Personal Exemption. Enter the amount of personal exemption claimed on the return to which the loss is being carried.	• 4a	
4(b)	Dependent Exemption. Enter the amount of dependent exemption claimed on the return to which the loss is being carried.	• 4b	
5	TOTAL MODIFICATIONS. Add lines 4(a) and 4(b).	5	
6	MODIFIED TAXABLE INCOME. Add lines 3 and 5. If negative enter zero.	6	
7	UNUSED NET OPERATING LOSS. If line 2 exceeds line 6, subtract line 6 from line 2. Enter difference here and enter zero (0) on the tax due line of Form 40 or Form 40NR. DO NOT complete Part II below. The amount on line 7 may be carried forward to the next applicable year (Form NOL-85A, line 2). If line 6 exceeds line 2, enter zero here and complete Part II below. ▶	• 7	

If the Net Operating Loss Deduction on line 2 above is:

- a. **Less** than the taxable income reported on line 3 above, complete lines 8 through 14 below.
- b. **Equal to or greater** than the taxable income reported on line 3 above, check here and **SKIP** lines 8 through 13, and enter zero on line 14.



PART II – Application

8	Enter the Adjusted Gross Income as shown on the return (or prior adjustment or prior NOL-85A) for the year to which the loss is being carried	• 8		
9	Net Operating Loss to be Applied. Enter the amount from line 2, Part I above.	• 9		
10	MODIFIED ADJUSTED GROSS INCOME. Subtract line 9 from line 8 and enter the result here. (If you filed Form 40NR, complete Part III before completing lines 11 through 14.) ▶	• 10		
DEDUCTIONS				
11(a)	Standard Deduction. If you claimed the Standard Deduction on the return to which the loss is being carried, recompute the Standard Deduction based on the Modified Adjusted Gross Income shown on line 10	• 11a		
(b)	Itemized Deductions. If you claimed Itemized Deductions on the return to which the loss is being carried, recompute the itemized deductions based on the Modified Adjusted Gross Income shown on line 10	• 11b		
(c)	Federal Income Tax. Enter the federal income tax as last determined and claimed as a deduction on the return to which the loss is being carried.	• 11c		
(d)	Personal Exemption. Enter the personal exemption as claimed on the return to which the loss is being carried	• 11d		
(e)	Dependent Exemption. Enter the dependent exemption as last determined and claimed on the return, recompute the dependent exemption based on the Modified Adjusted Gross Income shown on line 10, to which the loss is being carried	• 11e		
12	TOTAL DEDUCTIONS. Add lines 11a through 11e.		12	
13	TAXABLE INCOME AS ADJUSTED. Subtract line 12 from line 10 and enter result here. ▶	• 13		
14	TAX DUE AFTER APPLICATION OF NET OPERATING LOSS. Compute the tax due using the tax tables for the year to which the loss is being carried. Enter the result here and also on the TAX DUE line of Form 40 or Form 40NR. ▶	• 14		

PART III – Modified Adjusted Gross Income Percentage (This section to be completed by nonresidents only)

15	Adjusted Gross Income From All Sources. Enter the adjusted gross income from all sources as shown on the return to which the loss is being applied	• 15		
16	Net Operating Loss to be Applied. Enter the amount shown on line 9, Part II.	• 16		
17	Modified Adjusted Gross Income From All Sources. Subtract line 16 from line 15 ▶	• 17		
18	Modified Adjusted Gross Income From Alabama Sources. Enter the amount from line 10, Part II	• 18		
19	Percentage of Alabama Adjusted Gross Income to Total Adjusted Gross Income From All Sources After Modifications. Divide the amount on line 18 by the amount on line 17 and enter percentage here (but not over 100%). ▶	• 19		

The percentage on line 19 should be used to recompute the Standard Deduction or Itemized Deductions, Federal Income Tax Deduction, Personal Exemption, and Dependent Exemption on lines 11a through 11e, Part II. **NOTE:** If you are married and filed separate Alabama returns and a joint Federal return, **DO NOT** use the percentage on line 19 to recompute the federal income tax deduction. See Special Instructions for Nonresidents.



Alabama Department of Revenue

For Year Ending

APPLICATION OF
Net Operating Loss
Carryback or Carryforward

• _____
(Enter year (mm/dd/yyyy) to which loss is being carried)

Name(s) as shown on Tax Return

Your Social Security Number

PURPOSE OF SCHEDULE. Form NOL-85A is designed to apply a net operating loss to the tax year to which the loss is being carried. Before Form NOL-85A can be completed, you **must** first complete Form NOL-85 to determine the amount of net operating loss that may be carried back or forward. See instructions on the reverse side for further information.

- 1(a) Enter the tax year during which the net operating loss was incurred. Beginning • _____, _____ Ending • _____, _____
- (b) Did you elect on Form NOL-85 to forfeit the election to carry this loss back? Yes No
- (c) Did you timely file the subsequent year's return and claim the net operating loss thereon? Yes No

PART I – Computation

2	Enter the net operating loss as shown on line 7, Part II, Form NOL-85, or as shown on line 7, Form NOL-85A (see instructions) ▶	• 2		
3	Enter the taxable income as shown on Form 40 or Form 40NR for the tax year to which the loss is being carried	• 3		
MODIFICATIONS				
4(a)	Personal Exemption. Enter the amount of personal exemption claimed on the return to which the loss is being carried.	• 4a		
4(b)	Dependent Exemption. Enter the amount of dependent exemption claimed on the return to which the loss is being carried.	• 4b		
5	TOTAL MODIFICATIONS. Add lines 4(a) and 4(b).	5		
6	MODIFIED TAXABLE INCOME. Add lines 3 and 5. If negative enter zero.	6		
7	UNUSED NET OPERATING LOSS. If line 2 exceeds line 6, subtract line 6 from line 2. Enter difference here and enter zero (0) on the tax due line of Form 40 or Form 40NR. DO NOT complete Part II below. The amount on line 7 may be carried forward to the next applicable year (Form NOL-85A, line 2). If line 6 exceeds line 2, enter zero here and complete Part II below. ▶	• 7		

If the Net Operating Loss Deduction on line 2 above is:

- a. **Less** than the taxable income reported on line 3 above, complete lines 8 through 14 below.
- b. **Equal to or greater** than the taxable income reported on line 3 above, check here and **SKIP** lines 8 through 13, and enter zero on line 14.



PART II – Application

8	Enter the Adjusted Gross Income as shown on the return (or prior adjustment or prior NOL-85A) for the year to which the loss is being carried	• 8		
9	Net Operating Loss to be Applied. Enter the amount from line 2, Part I above.	• 9		
10	MODIFIED ADJUSTED GROSS INCOME. Subtract line 9 from line 8 and enter the result here. (If you filed Form 40NR, complete Part III before completing lines 11 through 14.) ▶	• 10		
DEDUCTIONS				
11(a)	Standard Deduction. If you claimed the Standard Deduction on the return to which the loss is being carried, recompute the Standard Deduction based on the Modified Adjusted Gross Income shown on line 10	• 11a		
(b)	Itemized Deductions. If you claimed Itemized Deductions on the return to which the loss is being carried, recompute the itemized deductions based on the Modified Adjusted Gross Income shown on line 10	• 11b		
(c)	Federal Income Tax. Enter the federal income tax as last determined and claimed as a deduction on the return to which the loss is being carried.	• 11c		
(d)	Personal Exemption. Enter the personal exemption as claimed on the return to which the loss is being carried	• 11d		
(e)	Dependent Exemption. Enter the dependent exemption as last determined and claimed on the return, recompute the dependent exemption based on the Modified Adjusted Gross Income shown on line 10, to which the loss is being carried	• 11e		
12	TOTAL DEDUCTIONS. Add lines 11a through 11e.		12	
13	TAXABLE INCOME AS ADJUSTED. Subtract line 12 from line 10 and enter result here. ▶	• 13		
14	TAX DUE AFTER APPLICATION OF NET OPERATING LOSS. Compute the tax due using the tax tables for the year to which the loss is being carried. Enter the result here and also on the TAX DUE line of Form 40 or Form 40NR. ▶	• 14		

PART III – Modified Adjusted Gross Income Percentage (This section to be completed by nonresidents only)

15	Adjusted Gross Income From All Sources. Enter the adjusted gross income from all sources as shown on the return to which the loss is being applied	• 15		
16	Net Operating Loss to be Applied. Enter the amount shown on line 9, Part II.	• 16		
17	Modified Adjusted Gross Income From All Sources. Subtract line 16 from line 15 ▶	• 17		
18	Modified Adjusted Gross Income From Alabama Sources. Enter the amount from line 10, Part II	• 18		
19	Percentage of Alabama Adjusted Gross Income to Total Adjusted Gross Income From All Sources After Modifications. Divide the amount on line 18 by the amount on line 17 and enter percentage here (but not over 100%). ▶	• 19		

The percentage on line 19 should be used to recompute the Standard Deduction or Itemized Deductions, Federal Income Tax Deduction, Personal Exemption, and Dependent Exemption on lines 11a through 11e, Part II. **NOTE:** If you are married and filed separate Alabama returns and a joint Federal return, **DO NOT** use the percentage on line 19 to recompute the federal income tax deduction. See Special Instructions for Nonresidents.



Alabama Department of Revenue
Wages, Salaries, Tips, etc.

Schedule W-2 must be completed fully and included with your return in order to receive proper credit for your Alabama income tax withheld. Attach a copy of all withholding statements to your return.

NAME(S) AS SHOWN ON TAX RETURN

PRIMARY'S SOCIAL SECURITY NO. SPOUSE'S SOCIAL SECURITY NO.

	A Employee's Social Security Number	B Employer's Identification Number (EIN)	C Statutory Employee	D Schedule C/C-EZ Filed?	E State Code	F Alabama Employer's State ID Number	G Alabama State Income Tax Withheld	H Federal Wages (Box 1 of Form W-2)	I Alabama State Wages (Box 16 of Form W-2)	J Additional Taxable Wages - Other States	
• 1			<input type="checkbox"/>	<input type="checkbox"/>							
• 2			<input type="checkbox"/>	<input type="checkbox"/>							
• 3			<input type="checkbox"/>	<input type="checkbox"/>							
• 4			<input type="checkbox"/>	<input type="checkbox"/>							
• 5			<input type="checkbox"/>	<input type="checkbox"/>							
• 6			<input type="checkbox"/>	<input type="checkbox"/>							
• 7			<input type="checkbox"/>	<input type="checkbox"/>							
• 8			<input type="checkbox"/>	<input type="checkbox"/>							
• 9			<input type="checkbox"/>	<input type="checkbox"/>							
• 10			<input type="checkbox"/>	<input type="checkbox"/>							
• 11			<input type="checkbox"/>	<input type="checkbox"/>							
• 12			<input type="checkbox"/>	<input type="checkbox"/>							
• 13			<input type="checkbox"/>	<input type="checkbox"/>							
• 14			<input type="checkbox"/>	<input type="checkbox"/>							
• 15			<input type="checkbox"/>	<input type="checkbox"/>							
• 16	TOTAL ALABAMA TAX WITHHELD FROM W-2s. Total lines 1-15, Column G and enter the amount here . .										
• 17	ALABAMA TAX WITHHELD FROM 1099s AND W-2Gs. Enter the total Alabama Income Tax Withheld from Schedule RS, Part V, line 4, all Form 1099s and Form W-2Gs received. See instructions on where to report the income from these statements										
• 18	TOTAL WAGES AND TOTAL ALABAMA TAX WITHHELD FROM W-2s, 1099s, AND W-2Gs. See instructions.										

THIS SCHEDULE CAN ONLY BE SUBMITTED AND/OR PRINTED VIA LANDSCAPE



Alabama Department of Revenue
Retirement Schedule
ATTACH TO FORM 40 OR FORM 40NR

NAME(S) AS SHOWN ON TAX RETURN

PRIMARY'S SOCIAL SECURITY NO. SPOUSE'S SOCIAL SECURITY NO.

Schedule RS must be completed fully and included with your return in order to receive proper credit for your Alabama income tax withheld. Attach a copy of all withholding statements (Form 1099-R) to your return.

PART I Retirement Distribution(s) Exempt from Alabama Income										
	A	B	C	D	E	F	G	H	I	
	FEIN	IRA	Distribution Code(s)	Account Number	Gross Distribution	State Code	State ID	Alabama Withheld	Reason Exempt	
• 1		<input type="checkbox"/>								
• 2		<input type="checkbox"/>								
• 3		<input type="checkbox"/>								
• 4		<input type="checkbox"/>								
• 5		<input type="checkbox"/>								
• 6		<input type="checkbox"/>								
• 7		<input type="checkbox"/>								
• 8	ALABAMA TAX WITHHELD from Retirement Distribution(s) Exempt from Alabama Income. Total lines 1-7, Column H and enter the amount here and Part 5, line 1.									
PART II Primary's Fully or Partially Taxable Retirement Distributions										
	A	B	C	D	E	F	G	H	I	
	FEIN	IRA	Distribution Code(s)	Account Number	Gross Distribution	State Code	State ID	Alabama Withheld	Taxable to Alabama	
• 1		<input type="checkbox"/>								
• 2		<input type="checkbox"/>								
• 3		<input type="checkbox"/>								
• 4		<input type="checkbox"/>								
• 5		<input type="checkbox"/>								
• 6		<input type="checkbox"/>								
• 7		<input type="checkbox"/>								
• 8	ALABAMA TAX WITHHELD from Primary's Fully or Partially Taxable Retirement Distributions. Total lines 1-7, Column H and enter the amount here and Part 5, line 2.									
• 9	RETIREMENT INCOME TAXABLE TO ALABAMA. Total lines 1-7, Column I and enter the amount here.									
• 10	RETIREMENT EXCLUSION. Is the primary taxpayer 65 or older and receives taxable retirement? • <input type="checkbox"/> Yes • <input type="checkbox"/> No If "Yes", each taxpayer is eligible up to \$6,000 not to exceed the Retirement Income Taxable to Alabama on line 9. If "No", you do not qualify for this exclusion. Stop and go to line 11. (See instructions for more information)									
• 11	Primary's Alabama Taxable Retirement Distribution. Subtract line 10 from line 9. Enter the amount here and on Part 4, line 1.									



PART III Spouse's Fully or Partially Taxable Retirement Distributions									
	A	B	C	D	E	F	G	H	I
	FEIN	IRA	Distribution Code(s)	Account Number	Gross Distribution	State Code	State ID	Alabama Withheld	Taxable to Alabama
• 1		<input type="checkbox"/>							
• 2		<input type="checkbox"/>							
• 3		<input type="checkbox"/>							
• 4		<input type="checkbox"/>							
• 5		<input type="checkbox"/>							
• 6		<input type="checkbox"/>							
• 7		<input type="checkbox"/>							
• 8	ALABAMA TAX WITHHELD from Spouse's Fully or Partially Taxable Retirement Distributions. Total lines 1-7, Column H and enter the amount here and Part 5, line 3. . .								
• 9	RETIREMENT INCOME TAXABLE TO ALABAMA. Total lines 1-7, Column I and enter the amount here								
• 10	RETIREMENT EXCLUSION. Is the spouse 65 or older and receives taxable retirement? • <input type="checkbox"/> Yes • <input type="checkbox"/> No If "Yes", each taxpayer is eligible up to \$6,000 not to exceed the Retirement Income Taxable to Alabama on line 9. If "No", you do not qualify for this exclusion. Stop and go to line 11. (See instructions for more information)								
• 11	Spouse's Alabama Taxable Retirement Distribution. Subtract line 10 from line 9. Enter the amount here and on Part 4, line 2								
PART IV Total Alabama Taxable Retirement Distribution									
• 1	Primary's Alabama Taxable Retirement Distribution. Enter the amount from Part 2, line 11								
• 2	Spouse's Alabama Taxable Retirement Distribution. Enter the amount from Part 3, line 11								
• 3	Total Alabama Taxable Retirement Distribution. Add lines 1 and 2. Enter the amount here and on Form 40, Page 2, Part 1, Line 4 or Form 40NR, page 2, Part 1, Line 3, Column B								
PART V Alabama Tax Withheld									
• 1	Alabama tax withheld from Retirement Distribution(s) Exempt from Alabama Income. Enter the amount from Part 1, line 8								
• 2	Primary's Alabama tax withheld from a taxable retirement distribution. Enter the amount from Part 2, line 8								
• 3	Spouse's Alabama tax withheld from a taxable retirement distribution. Enter the amount from Part 3, line 8								
• 4	Total Alabama Tax Withheld from a 1099-R. Add lines 1, 2, and 3. Enter the amount here and include in the amount on Schedule W-2, line 17								



Alabama Department of Revenue
Composite Payments/Electing PTE Credits

NAME(S) AS SHOWN ON TAX RETURN	YOUR SOCIAL SECURITY NUMBER
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If you are claiming composite payment(s)/Electing PTE credits, complete the following information.

SECTION A

A Taxpayer's Social Security Number on Schedule K-1	B Check if this Taxpayer is a Disregarded Entity	C Disregarded Entity's Name	D Disregarded Entity's FEIN	E S-Corporation's, Partnership's, Estate's or Trust's Name	F S-Corporation's, Partnership's, Estate's or Trust's FEIN	G Amount of payment made by the S Corporation, Partnership, Estate or Trust on your behalf
	<input type="checkbox"/>					
	<input type="checkbox"/>					
	<input type="checkbox"/>					
	<input type="checkbox"/>					
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	<input type="checkbox"/>					

SECTION B 1. **Total Composite Payment/Electing PTE Credits.** Total of Column G enter here and on Form 40, page 1, line 26 or Form 40NR, page 1, line 23 •1.



(Schedule E is on back)

ATTACH TO FORM 40 – SEE INSTRUCTIONS FOR SCHEDULES D AND E

Name(s) as shown on Form 40

Your social security number

Net Profit or Loss From Sale of Real Estate, Stocks, Bonds, etc.

(a) Kind of Property	(b) Date Acquired	(c) Date Sold	(d) Amount Received	(e) Depreciation Allowable Since Acquisition	(f) Cost or Other Basis	(g) Subsequent Improvements	(h) Net Profit or (Loss) (Cols. d & e less Cols. f & g)
							00
							00
							00
							00
							00
							00
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							00
							00

1 TOTAL NET PROFIT OR (LOSS). Enter here and on Form 40, page 2, Part I, line 3..... ▶

1 00



(From Rental Real Estate, Royalties, Partnerships, S Corporations, Estates, Trusts, REMICs, etc.)

▶ **ATTACH TO FORM 40.** ▶ **SEE INSTRUCTIONS FOR SCHEDULE E (FORM 40).**

Name(s) shown on return	Your social security number
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PART I Income or Loss From Rental Real Estate and Royalties
Note: If you are operating under a Federal Employer Identification Number, report income and expenses from your business of renting personal property on Schedule C or C-EZ.

1 Show the kind and location of each Rental Real Estate Property :	2 For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of: • 14 days, or • 10% of the total days rented at fair rental value?	Yes	No
A	A		
B	B		
C	C		

	Properties			Totals (Add Columns A, B, and C)	
	A	B	C		
Income:					
3 Rents received	00	00	00	00	00
4 Royalties received	00	00	00	00	00
Expenses:					
5 Advertising	00	00	00	00	
6 Auto and travel	00	00	00	00	
7 Cleaning and maintenance	00	00	00	00	
8 Commissions	00	00	00	00	
9 Insurance	00	00	00	00	
10 Legal and other professional fees	00	00	00	00	
11 Management fees	00	00	00	00	
12 Mortgage interest	00	00	00	00	00
13 Other interest	00	00	00	00	
14 Repairs	00	00	00	00	
15 Supplies	00	00	00	00	
16 Taxes	00	00	00	00	
17 Utilities	00	00	00	00	
18 Other (list) ▶	00	00	00	00	
.....	00	00	00	00	
.....	00	00	00	00	
.....	00	00	00	00	
19 Add lines 5 through 18	00	00	00	00	00
20 Depreciation expense or depletion	00	00	00	00	00
21 Total expenses. Add lines 19 and 20	00	00	00	00	
22 Income or (loss). Subtract line 21 from line 3 (rents) or line 4 (royalties)	00	00	00	00	
23 Total Real Estate and Royalty income or (loss). Add columns A, B, and C from line 22 and enter the result here					00

(g) Name and Address	(h) Check One	Estate or Trust	S Corporation	(i) Employer Identification Number	(j) Amount
.....					00
.....					00
.....					00
.....					00
24 TOTAL INCOME FROM PARTNERSHIPS, S CORPORATIONS, ESTATES, AND TRUSTS. Add the amounts in column (j). Enter the total here and include on line 25 below. ▶					00

25 TOTAL INCOME OR (LOSS). Combine lines 23 and 24. Enter the total here and on Form 40, page 2, Part I, line 5 ▶	25	00
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ATTACH TO YOUR TAX RETURN

Name(s) as shown on your return	Identifying number
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Type of return Individual Estate Trust

1 Interest expense on investment debts paid or accrued in 2024 (see instructions).	1		
2 Disallowed investment interest expense from 2023 Form 4952A, line 5.	2		
3 Total investment interest expense. Add lines 1 and 2.	3		
4 Net investment income (see instructions).	4		
5 Disallowed investment interest expense to be carried forward to 2025. Subtract line 4 from line 3. If zero or less, enter -0-.	5		
6 Investment interest expense deduction. Enter the smaller of line 3 or line 4 (see instructions).	6		

GENERAL INSTRUCTIONS

PURPOSE OF FORM

Interest expense paid by an individual, estate, or trust on a loan that is allocable to property held for investment (defined below), may not be fully deductible in the current year. Form 4952A is used to figure the amount of investment interest expense deductible for the current year and the amount, if any, to carry forward to future years.

For more details, refer to Federal Publication 550, Investment Income and Expenses.

CAUTION: The investment interest deduction for Alabama is computed as if the federal passive income limitation did not exist. Net capital gain from the disposition of investment property is included in investment income for Alabama purposes.

WHO MUST FILE

If you are an individual, estate, or trust, and you claim a deduction for investment interest expense, you must complete and attach Form 4952A to your tax return unless all of the following apply:

- Your only investment income was from interest or dividends,
- You have no other deductible expenses connected with the production of interest or dividends,
- Your investment interest expense is not more than your investment income,
- And you have no carryovers of investment interest expense from 2023.

ALLOCATION OF INTEREST EXPENSE UNDER TEMPORARY FEDERAL REGULATIONS SECTION 1.163-2T

If you paid or accrued interest on a loan and you used the proceeds of the loan for more than one purpose, you may have to allocate the interest paid. This is necessary because of the different rules that apply to investment interest, personal interest, trade or business interest, and home mortgage interest. See Federal Publication 550, Investment Income and Expenses.

SPECIFIC INSTRUCTIONS

LINE 1 – INVESTMENT INTEREST EXPENSE

Enter the investment interest paid or accrued during the tax year, regardless of when the indebtedness was incurred. Include interest paid or accrued on a loan (or part of a loan) that is allocable to property held for investment.

Be sure to include investment interest expense reported to you on Schedule K-1 from a partnership or an S corporation. Include amortization of bond premium on taxable bonds purchased after October 22, 1986, but before January 1, 1988, unless you elected to offset amortizable bond premium against the interest payments on the bond. A taxable bond is a bond on which the interest is includible in gross income.

Investment interest expense does not include the following:

- Home mortgage interest,
- Any interest expense that is capitalized, such as construction interest subject to Federal Section 263A.

LINE 4 – NET INVESTMENT INCOME

Net investment income is the excess, if any, of investment income over investment expenses. Include investment income and expenses reported to you on Schedule K-1 from a partnership or an S corporation. Also, include net investment income from an estate or a trust.

INVESTMENT INCOME

Investment income includes income (not derived in the ordinary course of a trade or business) from interest, dividends (reduced by qualified dividends per federal instructions), annuities, royalties, and net gain from the disposition of property held for investment (including capital gain distributions from mutual funds).

PROPERTY HELD FOR INVESTMENT

Property held for investment includes property that produces investment income. Property held for investment also includes an interest in an activity of conducting a trade or business in which you did not materially participate.

INVESTMENT EXPENSES

Investment expenses are your allowed deductions, other than interest expense, directly connected with the production of investment income. For example, depreciation or depletion allowed on assets that produce investment income is an investment expense.

If you have investment expenses that are included as a miscellaneous itemized deduction on line 21 of Schedule A (Form 40), or line 26 of Schedule A (Form 40NR), you may not have to use all of the amount for purposes of line 4 of Form 4952A. The 2% adjusted gross income limitation on Schedule A may reduce the amount.

To figure the amount to use, compare the amount of the investment expenses included on line 21 of Schedule A (Form 40) with the total miscellaneous expenses on line 24 of Schedule A. If you filed Schedule A (Form 40NR), compare the amount on line 26 with the amount on line 29. The smaller of the investment expenses included on line 21 (or line 26) or the total of line 24 (or line 29) is the amount to use to figure the investment expenses from Schedule A for line 4.

Example: Assume line 21 of Schedule A (Form 40) includes investment expenses of \$3,000, and line 24 is \$1,300 after the 2% adjusted gross income limitation. Investment expenses of \$1,300 are used to figure the amount of investment expense for line 4. If investment expenses of \$800 were included on line 21 and line 24 was \$1,300, investment expenses of \$800 would be used.

If you have investment expenses reported on a form or schedule other than Schedule A, include those expenses when figuring investment expenses for line 4.

LINE 6 – INVESTMENT INTEREST EXPENSE DEDUCTION

This is the amount you may deduct as investment interest expense.

INDIVIDUALS

Enter the amount from line 6 on line 13 of Schedule A (Form 40 or 40NR), even if all or part of it is attributable to a partnership or an S corporation. However, if any portion of this amount is attributable to royalties, enter that portion of the interest expense on Schedule E (Form 40 or 40NR).

ESTATES AND TRUSTS

Enter on Form 41, Page 3, Schedule C, Column C, Line 10.

Federal Income Tax Deduction Worksheet

1 Enter the tax as shown on line 22 on 2024 Form 1040/Form 1040-SR/Form 1040NR.	1		00
2 Net Investment Income Tax. Enter amount from line 17, 2024 Form 8960.	2		00
3 Federal Tax. Add Lines 1 and 2.	3		00
4a Earned Income Credit (EIC). Enter the amount from line 27 of 2024 Form 1040/Form 1040-SR.	4a		00
4b Additional Child Tax Credit. Enter the amount from Line 28 of 2024 Form 1040/Form 1040-SR/1040-NR.	4b		00
4c American Opportunity Credit. Enter the amount from line 29 of 2024 Form 1040/Form 1040-SR.	4c		00
4d Credits from Forms 2439. Enter the amount from Schedule 3, Part II, line 13a of 2024 Form 1040/Form 1040-SR/Form 1040NR.	4d		00
5 Add lines 4a,b, c and d.	5		00
6 Subtract line 5 from line 3. If amount is negative enter zero also enter on line 12 of Form 40, line 9 of Form 40A or page 2, Part IV, line 4 of Form 40NR.	6		00