

Withholding Taxes

This publication is intended to offer a general description of Alabama withholding tax. It is not intended to answer all questions. Employers who register with the Alabama Department of Revenue to withhold Alabama income tax are provided with detailed instructions.

State Withholding Tax

Alabama is one of many states which impose a state tax on personal income. State withholding tax is the money an employer is required to withhold from each employee's wages to pay the state income tax of the employee. The employer pays no part of the tax, but is responsible for collecting and remitting the tax withheld.

Employer – Employee

An employer is any person or other entity for which an individual performs or performed a service, of any nature, as an employee of such person or entity. For more information on whether a worker is considered contract labor or an employee requiring income tax withholding, file Form SS-8 with the IRS for a determination.

Wages Subject to

Alabama Withholding Tax

Generally all wages earned in Alabama are subject to Alabama withholding tax. However, certain classes of employment are exempt from Alabama withholding tax. The chief exemptions from withholding tax are merchant seaman, agricultural and domestic employees, and duly ordained ministers.

Alabama income tax is required to be withheld from wages paid to employees who are

physically working in the state of Alabama. Please note that residency is not a factor. Therefore, wages earned by a resident or a non-resident while working in Alabama are subject to Alabama withholding tax.

Registering to Withhold Alabama Income Tax

First time applicants may register online for an Alabama withholding tax account number at www.myalabamataxes.alabama.gov by selecting "Obtain a New Tax Account #" or they may contact the Alabama Department of Revenue's Business Registration Unit at (334) 242-1584 to request Form COM:101 (Combined Registration Application/Change Form). This form and other withholding tax forms are available online at www.revenue.alabama.gov/withholding/index.cfm.

Due Dates For Alabama

Withholding Tax Reports

Withholding tax reports are to be filed on a monthly or quarterly basis. A monthly report Form A-6 is required for each of the following months in which more than \$1,000 in Alabama income tax is withheld: January, February, April, May, July, August, October, and November. The due date for the monthly Form A-6 is the 15th day of the month immediately following the month in which more than \$1,000 was

withheld. For example, a January Form A-6 monthly report is required to be filed by February 15 if more than \$1,000 in Alabama income tax was withheld in January. Two months should not be added together to reach the \$1,000 threshold. Each calendar month should stand alone.

A quarterly report Form A-1 is required to be filed by all employers and withholding agents who withhold Alabama income tax or who are required to withhold Alabama income tax. The due date for the quarterly Form A-1 is the last day of the first month following the end of the quarters March 31, June 30, September 30, and December 31. For example, a March Form A-1 quarterly report is required to be filed by April 30. A quarterly Form A-1 is required to be filed whether or not any tax is withheld. Detailed instructions concerning due dates and other withholding information is included in the preprinted withholding tax forms sent to employers and in the *Withholding Tax Tables and Instructions for Employers and Withholding Agents* handbook which is available on the department's Web site.

Electronic Returns

Employers remitting payments of \$750 or more are required to submit their payments and returns electronically through the department's electronic filing system, My Alabama Taxes (MAT). All employers, regardless of the payment amount, are encouraged to file and pay electronically. Forms which can be filed through My Alabama Taxes include the monthly Form A-6, the quarterly Form A-1, the annual reconciliation Form A-3, and the federal Wage and Tax Statement Form W-2. Employers submitting 25 or more Forms W-2 are required to file their Form A-3 and employee Forms W-2

electronically through My Alabama Taxes. Please visit the department's Web site at www.revenue.alabama.gov/withholding/efiling.cfm for more information concerning electronic filing.

Wage and Tax Statements (Federal Form W-2)

Employers are required to issue wage and tax statements (Forms W-2) to their employees by January 31. Copies of the federal Form W-2 must also be submitted to the department by January 31 along with the Form A-3. Employers submitting 25 or more Forms W-2 are required to file these with the department electronically. Employers filing less than 25 Forms W-2 are encouraged to voluntarily file their annual reconciliation electronically. Please visit the department's Web site at www.revenue.alabama.gov/withholding/efiling.cfm for more information concerning electronic filing.

Exemption Certificates (Form A-4)

All employees are required to furnish their employers with a signed exemption certificate Form A-4. Because the value of state and federal exemptions differ, the federal Form W-4 cannot be substituted for the state Form A-4. If an employee fails to furnish an employer with a signed Form A-4 exemption certificate, the employer is required to withhold using zero exemptions.

General Information

The topics discussed in this brochure and other matters concerning Alabama withholding tax are discussed in more detail in the *Withholding Tax Tables and Instructions for Employers and Withholding Agents* handbook which is available on the department's Web site and in the withholding tax forms sent to registered employers.

Taxpayer Service Centers:

- **Auburn/Opelika** – 3300 Skyway Drive (36830)
P.O. Box 2929
Auburn, AL 36831-2929
Phone: 334-887-9549
- **Dothan** – 344 North Oates Street (36303)
P.O. Box 5739
Dothan, AL 36302-5739
Phone: 334-793-5803
- **Gadsden** – 235 College Street (35901)
P.O. Drawer 1190
Gadsden, AL 35902-1190
Phone: 256-547-0554
- **Huntsville** – 4920 Corporate Drive, Suite H (35805)
P.O. Box 11487
Huntsville, AL 35814-1487
Phone: 256-837-2319
- **Jefferson/Shelby** – 2020 Valleydale Road, Suite 208
Hoover, AL (35244)
P.O. Box 1927
Pelham, AL 35124
Phone: 205-733-2740
- **Mobile** – 955 Downtowner Boulevard (36609)
P.O. Drawer 160406
Mobile, AL 36616-1406
Phone: 251-344-4737
- **Montgomery** – 2545 Taylor Road (36117)
P.O. Box 327490
Montgomery, AL 36132-7490
Phone: 334-242-2677
- **Muscle Shoals** – 874 Reservation Road (35661)
P.O. Box 3148
Muscle Shoals, AL 35662-3148
Phone: 256-383-4631
- **Tuscaloosa** – 518 19th Avenue (35401)
P.O. Box 2467
Tuscaloosa, AL 35403-2467
Phone: 205-759-2571
- **TDD Number** – 334-242-3061



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- ◆ *Wages Subject to Alabama Withholding Tax*
- ◆ *Registering to Withhold Alabama Income Tax*
- ◆ *Due Dates for Alabama Withholding Tax Reports*
- ◆ *Exemption Certificates*
- ◆ *Wage and Tax Statements*
- ◆ *General Information*