

810-3-39-.12 Alabama Requirements for Mandatory E-File of Original Corporate Income Tax Returns.

(1) **Scope** – This rule explains the electronic filing mandate requirements and exclusions for both an income tax return preparer and the C-Corporation or S-Corporation.

(2) **Definitions.**

(a) Income tax preparer - a person, firm or company who meet one of the following:

1. Any person who prepares an Alabama corporate/partnership income tax return in exchange for compensation.

2. Any person who employs another person to prepare, in exchange for compensation, any current year Alabama corporate/partnership income tax return.

3. Any accounting firm or company who employs a person or group of people who prepare, in exchange for compensation, any current year Alabama corporate/partnership income tax return.

(b) “Original” corporate/partnership income tax return - any return that is required, to be filed with respect to the tax imposed as defined by Section 40-18-2, Code of Alabama 1975.

(c) “Timely” original corporate/partnership tax return - any original corporate/partnership tax return that is filed, without regard to extensions, during the calendar year for which that tax return is required to be filed.

(d) “Acceptable” corporate/partnership income tax return - for the purposes of the mandatory corporate/partnership income tax filing program, any original corporate/partnership tax return that is authorized by the Department to be filed solely using electronic technology as defined in Section 40-30-3(2), Code of Alabama 1975.

(e) Tax preparation software - any computer software program intended for accounting, tax return preparation, or tax compliance.

(3) **Income Tax Return Preparer Mandate.**

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

(b) Paragraph (3a) of this rule, applies to acceptable corporate/partnership income tax returns required to be filed for taxable years beginning on and after January 1, 2009.

(c) Paragraph (3a) shall cease to apply to an income tax preparer if, during that calendar year and all subsequent years, the income tax preparer prepared no more than 15 original corporate/partnership income tax returns.

(d) Paragraph (3a) of this rule, may not be interpreted to require electronic filing of acceptable corporate/partnership income tax returns that are required to be filed on or before January 1, 2009.

(4) C-Corporation/S-Corporation Mandate.

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

(5) Exclusions from the E-file Mandate.

(a) If an entity is exempt from filing the federal 1120 or 1120S as stated in the IRS publication 4164 for the tax year of the Alabama return being filed, then they are exempt from the Alabama e-file mandate.

(b) Opting to paper file the federal 1120 or 1120S does not exclude an income tax preparer or corporation from the Alabama e-file mandate. To be in compliance with the Alabama e-file mandate, an accepted current tax year federal return must be transmitted electronically with the mandated electronic Alabama return.

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Authority: Sections 40-2A-7(a)(5), 40-18-40, and 40-30-1 through 6, Code of Alabama 1975

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