

810-3-6-.16 Basis of Property of Individuals Establishing Alabama Domicile.

(1) Effective for tax years beginning after December 31, 1997, the basis of both real and personal property owned by an individual on the date Alabama domicile is established shall be the same basis as is used for federal income tax purposes on that date.

(2) Example 1: Taxpayer owns an IRA for which all contributions made were deducted from the taxpayer's income for federal income tax purposes. The taxpayer establishes Alabama domicile on January 1, 1998. The basis for the IRA for Alabama income tax purposes is zero, upon the establishment of Alabama domicile.

(3) Example 2: Taxpayer owns a truck with an original cost of \$100,000 and an adjusted basis of \$80,000 as of December 31, 1997. On January 1, 1998, the taxpayer establishes Alabama domicile. The adjusted basis in the truck for Alabama income tax purposes is \$80,000, upon the establishment of Alabama domicile.

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Authority: §§ 40-2A-7(a)(5) and 40-18-6, Code of Alabama 1975
History: New rule filed April 28, 1999, effective June 2, 1999.