

Alabama Financial Institutions Excise Tax law, regulations, forms and instructions are available on the Alabama Department of Revenue's Web site at www.revenue.alabama.gov.

What's New for 2011

My Alabama Taxes (MAT). My Alabama Taxes (MAT) is not available. MAT is a secure way to view and access your tax information using the Internet. Anyone who has an account with the Alabama Department of Revenue (ADOR) may register to access their tax information through MAT.

All Taxpayers who choose to register for MAT will have the ability to manage and monitor their tax accounts. The following functions can be performed depending on the type of tax account:

- File Form ET-8 – Financial Institution Excise Extension
- File Form ET-C – Financial Institution Election to File Consolidated Return
- Make a payment
- View account balance and activity
- Change account information such as name and address

Taxpayers will also have the ability to specify an authorized agent(s) to access MAT on their behalf. Also available is a messaging capability. For further information, contact the Alabama Department of Revenue, P.O. Box 327900, Montgomery, AL 36132-7900 or call (334) 353-9448.

General Information for Financial Institutions Filing a Consolidated Return

Alabama Form ET-1C must be filed by taxpayers meeting the definition of financial institutions (as defined in Section 40-16-1, *Code of Alabama 1975*) that have properly elected to file a consolidated financial institutions excise tax return.

Form ET-1C is an annual return due on April 15th of each excise tax year. The financial institutions excise tax is payable on or before April 15th of the excise tax year. The Alabama taxable income, computed and reported on the form, is for the last taxable year of the financial institution ended prior to April 1 of the excise tax year.

EXAMPLE: The 2012 Alabama Form ET-1C is due on April 15, 2012. If April 15 falls on a Saturday, Sunday, or state holiday, the return and payment will be due the following business day. Payment of the tax liability shown on the 2011 Form ET-1C allows the taxpayer to engage in the business of being a financial institution in the State of Alabama for the 2012 calendar year. If the taxpayer is a calendar year taxpayer, the Alabama taxable income computed and shown due on the 2012 Form ET-1C is based on the operations of the 2011 calendar year.

In order for the qualified corporate group to be able to file a consolidated return, the financial institution members must meet the definition of a financial institution found in Section 40-16-1 of the *Code of Alabama 1975*. The members must also meet the ownership requirement and filing requirement specified in Section 40-16-3, *Code of Alabama 1975*.

Annual Consolidated Filing Election and Fee

In order for a financial institution excise group to file a consolidated financial institution excise return, the parent of the group must meet the ownership and filing requirements, specified in Section 40-16-3, *Code of Alabama* and timely file an election to file consolidated (Form ET-C). Financial institutions that file federal Form 1120S (U.S. Income Tax Return for an S Corporation) are not required to file Alabama Form ET-1C nor are they required to make a consolidated election (Form ET-C) for Alabama purposes. Alabama treats an S Corporation and its qualified subchapter S subsidiaries as one entity. Form ET-1 should be filed instead of Form ET-1C. Form ET-C must be received by the Department of Revenue on or before April 15 of the excise tax year. In addition to Form ET-C, the parent must also remit a \$6000 consolidated filing fee. Form ET-C and the required fee must both be remitted electronically. Please visit our Web site at www.revenue.alabama.gov and select E Services.

Extension to file Alabama Form ET-1C

Alabama Form ET-8, Application for Extension of Time for Filing Alabama Financial Institution Excise Return, may be used to request an extension for either 3 months or 6 months. If requesting a three (3) month extension, 50% of the estimated tax due must be remitted with the extension request on or before April 15th. The balance plus interest must be remitted with the return when filed on or before July 15th. If requesting a six (6) month extension, the entire estimated tax due must be remitted with the extension request by April 15th. The return will be due on or before October 15th. **Taxpayers who request extension of time to file Alabama Form ET-1C are encouraged to remit Alabama ET-8 and payment electronically. Payments of \$750 or more must be remitted electronically. Visit our Web site at www.revenue.alabama.gov and select e-services then extension.**

NOTE: The Alabama parent should remit Form ET-8 on behalf of all of the companies included in the consolidated election.

Preparation Instructions

Taxpayers filing consolidated financial institution excise tax returns will submit completed proforma Forms ET-1 for each of the separate companies included in the consolidated excise group. A proforma Form ET-1 is a completed Form ET-1 with filing status 4 checked. In addition to a proforma Form ET-1, the Alabama parent will complete Form ET-1C. Form ET-1C was designed to summarize the separate company information from each of the proforma Form ET-1 returns for each of the members of the consolidated excise group. All financial information for the group will be summarized on the Form ET-1C. Tax due for the group will be computed on Form ET-1C. Petitions for refund for the consolidated group will also be requested using the Form ET-1C. Any tax payments for the consolidated group should be made by the Alabama parent and claimed on Form ET-1C.

NOTE: For line by line instructions for proforma Form ET-1, please see the instructions for Form ET-1. These instructions will only provide line by line instructions for the Form ET-1C.

REQUIRED ATTACHMENTS. For the Consolidated Financial Institutions Excise Tax return to be considered complete, **a complete signed copy of the applicable federal income tax return must be attached. Failure to attach the complete federal return and supporting schedules may result in the imposition of delinquent penalties.** A complete federal return includes consolidated income spreadsheets, consolidated balance sheets, consolidated Schedules M-1, M-2, M-3, Schedule UTP, as well as supporting schedules for each of these items broken down by each separate company included in the consolidated federal group.

If the parent of the consolidated excise group incurs a current year loss, a computation of the parent company loss allocation must be included as an attachment to the consolidated excise tax return. The parent company loss allocation must be made in accordance with Alabama excise tax regulation 810-9-1-.01(4)(j)2.

At the top, left-hand corner of page 1 check all applicable boxes if filing an initial, final, amended return, or address change.

At the top, right-hand corner of page 1 check the appropriate box indicating a calendar-year, fiscal-year, or short-year return. Fill in the blanks indicating the beginning and ending dates of the tax period if the return is for a fiscal year or a short year.

In the top, center block of page 1 enter the taxpayer's federal business code number, its federal employer identification number (FEIN), and its name and mailing address (with complete zip code). Below the address enter the state of in-

corporation, date of incorporation, the date the taxpayer qualified to do business in Alabama, and the nature of business being conducted in Alabama.

If this corporation is included in a consolidated federal income tax return, check the block, and enter the name and FEIN of the common parent corporation.

If a notification of final IRS change is attached to the return, check the box.

If the taxpayer is filing an Alabama Business Privilege Tax return, check the box and enter the FEIN used on the Form CPT (business privilege tax return). If the taxpayer does not file for business privilege tax purposes, do not check the box, leave the FEIN field blank, and attach a statement to the return explaining why the taxpayer does not file.

Filing Status. Form ET-1C will always be marked filing status 4, Alabama Consolidated Return. All members of the consolidated excise group should include completed Form ET-1 returns marked filing status 4, Proforma Return.

LINE 1. Enter the sum from line 31 of each of the proforma Form(s) ET-1 for each member of the consolidated excise group on line 1 of Form ET-1C.

LINE 2. Enter the amount of tax due for the consolidated excise group by multiplying line 1 by 6.5%, as specified in Section 40-16-4, *Code of Alabama 1975*.

Credits and Payments

LINE 3a. Enter the sum from Schedule F of the proforma returns included in the consolidated excise group. Please note: sales tax credits for each separate company in the consolidated group are limited to the individual tax liability for that separate company. Sales tax credits cannot reduce the company that incurred the sales tax expense's excise tax liability below zero.

LINE 3b. Capital Tax Credit: Sections 40-18-190 through 40-18-203 provide for a tax credit against Alabama income tax with respect to income generated by or arising out of a qualifying project undertaken by certain existing businesses and certain new businesses to be located in the state. A statement of intent to invest in a qualifying project must be filed prior to the qualifying project being placed in service and must be approved by the Alabama Department of Revenue prior to the project entity taking the credit. The allowable credit is up to 5 percent of the qualifying project's allowable capital costs for each of 20 years. The amount of credit that can be claimed in any year is limited to the tax liability generated by or arising out of the qualifying project, and is applied after all deductions, exemptions and other credits. As the project entity, the **financial institution** is required to complete and attach Form AR with the **Form ET-1C** return to be eligible to receive the capital credit. If the **financial institution** is a member or partner of an investing company that has a qualifying project, the **financial institution** must complete and attach Form K-RCC with **Form ET-1C**.

For further information regarding the capital credit and the necessary forms to claim the capital credit, visit the Alabama Department of Revenue's Web site at www.revenue.alabama.gov under the Tax Incentives page, or contact the Department at P.O. Box 327001, Montgomery, AL 36132-7001 or 334-242-1175.

LINE 3c. Enter the amount of any tax remitted as an extension payment with Form ET-8.

LINE 3d. Enter the amount of any additional tax remitted.

LINE 3e. Add the amounts of lines 3a, 3b, and 3c. Enter the total of these three lines on line 3d.

LINE 4. Penalties Due. Enter the total amount of the penalty for failure to timely file the return and the penalty for failure to timely pay the tax shown due on the return, as specified in Section 40-2A-11, *Code of Alabama 1975*. The penalty for failure to timely file an Alabama Financial Institutions Excise Tax return by the due date is 10% of the tax shown due with the return or \$50, whichever is greater. The penalty for failure to timely pay the amount of tax shown due on an Alabama Form ET-1C is equal to 1% of the amount of tax shown due on the return for each month the tax is unpaid – not to exceed 25% of the amount shown due on the return.

LINE 5. Interest Due. Interest from April 15 to Date of Payment. Enter the amount of interest due on the amount of any tax due remitted after April 15. Com-

pute the interest using IRS rates from April 15 of the excise tax year until the date of payment. The Alabama interest rate is the same as provided for in IRC Section 6621.

LINE 6. Total Payment Due/(Refund Due). Subtract line 3d from the total of lines 2, 4 and 5, and enter the result here. A negative amount represents an overpayment.

Indicate payment type by marking the appropriate box by either Electronic Payment, or Payment remitted with Payment Voucher (Form FIE-V). Section 41-1-20 requires electronic payment for all single business tax payments of \$750 or more. Please see our Web site at www.revenue.alabama.gov for further instructions on making electronic payments, or call the Alabama Department of Revenue EFT Hotline at (334) 242-0192 (option #7) or 1-800-322-4106 for additional information. Substantial penalties will be assessed for noncompliance.

SIGNATURE. The Alabama Form ET-1C must be signed by an authorized officer of the corporation. Enter the date signed and the title of the person whose signature is affixed.

PAID PREPARER AUTHORIZATION. Above the return signature area is a check box which will be used to authorize the Alabama Department of Revenue to discuss the Alabama Form ET-1C and attachments with the paid preparer – who is identified in the Paid Preparer's Use Only Section of the return. Checking the box will facilitate the process of resolving a problem when information on the return is missing or incomplete.

PAID PREPARER INFORMATION. Anyone who is paid to prepare the Alabama Form ET-1C must sign and provide the information requested in the Paid Preparer's Use Only Section of the Form ET-1C. The signature may be made by hand, by rubber stamp, by mechanical device, or a computer software program. Paid preparers must provide the taxpayer with a copy of the prepared return.

Mail Consolidated Returns and Payments to:

Alabama Department of Revenue
Consolidated Business Tax Compliance Unit (CBTCU)
P.O. Box 327437
Montgomery, AL 36132-7437
Telephone (334) 353-9448

Any questions concerning the preparation of the Alabama Form ET-1C should be directed to the Consolidated Business Tax Compliance Unit at (334) 353-9448.

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SCHEDULE AS – AFFILIATIONS SCHEDULE. Page 2 of Form ET-1C must be completed for every member of the consolidated excise group. If the consolidated group has more members than page 2 provides for, attach additional copies of page 2, as needed. Column A should list the name of the common Alabama parent, then the names of each of the subsidiaries included in the consolidated excise group. The common parent of the financial institutions excise group does not necessarily have to be the same group parent reported for federal income tax purposes. Column B should list the federal employer identification number (FEIN) of the company in column A. In column C, list the tax year end (MM/DD/YYYY) for each company included in Schedule AS. In column D, indicate if the taxpayer filed a separate company Alabama return for the previous tax year. If the taxpayer was part of a consolidated group with the same parent, indicate by marking the NO box. In column E, indicate if the company is new to the federal consolidated group, and in column F, indicate if the company files a business privilege tax return.

For each corporation listed on Schedule AS, a proforma Form ET-1C should be included as part of the consolidated filing for the consolidated excise group. In addition, the parent of the consolidated excise group must complete Form ET-1C. Failure to provide this information will result in rejection of the consolidated return.