

Alabama Department of Revenue

News Release

Feb. 11, 2003

What's New for 2003? Alabama Individual Income Tax Filing Update

As the arrival of W-2s, 1099s, and financial statements officially marks the start of the 2003 individual income tax season, the Alabama Department of Revenue reminds taxpayers of some important changes that may affect their 2002 Alabama tax returns.

Filing simplification, "paperwork" reduction, and expansion of online Web-based filing options and customer service features headline important changes for the 2003 Alabama filing season.

Another important first for the department this filing season is the introduction of Commissioner Dwight Carlisle as the agency's top tax official. Gov. Bob Riley recently appointed Carlisle to head the ADOR. January 21 marked Commissioner Carlisle's first official day on the job.

"Shortly after taking the job of State Revenue Commissioner, I pledged that customer service and operational efficiency would be cornerstones of the department. I look forward to building on this service commitment even more in the coming months and will work toward filing simplification and improvements in taxpayer service programs," said Dwight Carlisle, Alabama's newly appointed Revenue Commissioner.

Some important changes that Commissioner Carlisle says taxpayers will notice this year include:

New Filing Threshold for Schedule B: Alabama follows federal provisions raising the threshold for filing the federal Schedule B from \$400 to \$1,500. This will reduce filing burdens for Alabama taxpayers as now only those with taxable interest or ordinary dividends of more than \$1,500 annually will be required to file a Schedule B with their Alabama return.

—MORE—

What's New for 2003?
Add One
Feb. 11, 2003

Special Depreciation Allowance: Alabama follows federal law in regard to the special depreciation allowance provision passed by Congress in March 2001. Businesses that acquire and begin using new qualified equipment after Sept. 10, 2001, may deduct an additional 30 percent of the depreciable basis in the first year of use. This tax break is available for property acquired before Sept. 11, 2004, and placed into service by the end of that year.

Higher Contribution Limits for Roth and Traditional IRAs/"Catch-Up" Provisions: Alabama's tax treatment of maximum IRA contribution limits and "catch-up" provisions conforms to recent federal law changes.

Federal Deduction for Educator Expenses: Alabama does **not** allow a state tax deduction for educators' qualified out-of-pocket expenses for books and classroom supplies, as does federal law.

Alabama Higher Education 529 Fund: Unlike federal law, qualified withdrawals or distributions from the state-sponsored qualified college savings program are not exempt from Alabama income tax.

Web-based Refund Inquiry System: This year, the department offers an online refund inquiry system, very similar to the recently announced IRS Web-based refund inquiry system. The ADOR online refund system allows taxpayers to check the status of their state refunds by logging onto the department's Web site at www.ador.state.al.us. Taxpayers will be prompted to enter their social security number, the type of tax return filed, their filing status, and the whole dollar amount of their Alabama refund. The department's telephone refund inquiry system, a second refund inquiry option, is available anytime by using a touchtone telephone and calling (334) 353-2540. Taxpayers will be prompted to enter certain tax return information needed to identify their refunds. For this reason, taxpayers are encouraged to have a copy of their 2002 Alabama return in hand when using either refund inquiry system.

—MORE—

What's New for 2003?
Add Two
Feb. 11, 2003

Some Helpful Reminders

FORM 40V—Payment Voucher

If you owe additional Alabama tax, be sure to complete a FORM 40V and include it along with your check or money order. (If you pay by credit card, do not complete the FORM 40V.) Complete a FORM 40V for both paper-filed and electronically-filed returns. The Form 40V will be used by the department to identify your tax payment by check or money order, apply it, and match it to your return for processing.

Credit Card Payment Option

If you owe additional tax, you may be able to use your credit card to pay your taxes. Alabama taxpayers can use their Discover/NOVUS, MasterCard, American Express, or VISA card by making a toll-free phone call to the state's service provider, Official Payments Corporation, at 1-800-2PAY-TAX. Taxpayers can also pay by Internet, by logging onto www.officialpayments.com. The charge customer pays a convenience fee for using the credit card payment service. This fee is paid directly to Official Payments Corporation based on the amount of your tax payment. The state receives no part of the convenience fee.

Direct Deposit for E-filers

If you file electronically, consider direct deposit as a refund payment option. Last year, 134,825 taxpayers who were due a refund chose to use direct deposit.

Federal Tax Liability Deduction

If you claim a federal tax liability deduction on your 2002 Alabama income tax return, you must attach a copy of page 2 of your 2002 FEDERAL FORM 1040 or page 1 of your 2002 FEDERAL FORM 1040A or 1040EZ, or a copy of your TELEFILE Schedule. **Taxpayers are cautioned to enter only the federal income tax liability amount from the federal returns, not the amount of federal income tax withheld for the tax year.**

Consumer Use Tax Reporting Line Item

Taxpayers who purchased items online or through catalog or mail-order sales during 2002 and did not pay any sales or use tax to the out-of-state retailer are able to

What's New for 2003?
Add Three
Feb. 11, 2003

report and pay the Alabama consumer use tax due when filing their 2002 tax year return. This is the third year that the department has offered this convenient payment and reporting procedure to taxpayers. Note that the state use tax rate is the same as the state sales tax rate. Items subject to use tax are the same items that would be subject to sales tax if purchased in Alabama. Examples of taxable items and reporting procedures are detailed in the instruction booklets. Last year, 6,540 returns reported consumer use tax payments, totaling \$219, 276.00.

For additional information, call or visit one of the department's 10 taxpayer service centers listed below or log on to the department's Web site at www.ador.state.al.us.

Service Center Location	Address	Telephone
Auburn/Opelika	3300 Skyway Drive	(334) 887-9549
Birmingham	2024 3rd Avenue, North	(205) 323-6387
Decatur	1403-A Beltline Rd., S.W.	(256) 353-2932
Dothan	344 North Oates Street	(334) 793-5803
Gadsden	235 College Street	(256) 547-0554
Huntsville	994 Explorer Blvd.	(256) 922-1082
Mobile	857 Downtowner Blvd., Suite E	(251) 344-4737
Montgomery	1021 Madison Avenue	(334) 242-2677
Muscle Shoals	3005 South Wilson Dam Hwy.	(256) 383-4631
Tuscaloosa	518 19th Avenue	(205) 759-2571

Contact for more information:

ADOR Media Affairs Office: Carla A. Snellgrove or Carolyn Blackstock:
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