

810-3-14-.06 Payments by Employers for Past Services to Those No Longer in Their Employment; Payments to Widows of Deceased Employees.

(1) Bonus or other post-employment payments made by an employer to his employee in the military service are considered to be compensation for services and includible in gross income, where the plan and agreement are that the employee is to return to his position when discharged from military service. If the payments are made as a gift, then the payments are not includible in gross income of the recipient. The deduction by the payer of the payments as a business expense is prima facie evidence that the payments are not gifts.

(2) Payments made by an employer to the widow of a deceased officer or employee as additional compensation, in recognition of and in consideration of services of said deceased officer or employee, are includible in the gross income of the widow.

(3)(a) Payments received by the widow of a deceased partner from a partnership are includible in gross income to the extent the payments represent a distribution of profits.

(b) If the payments represent a purchase or cancellation of the deceased partner's interest in the partnership, gain or loss will be recognized as provided in § 40-18-8, Code of Alabama 1975.

(c) Any payments which constitute a gift from the partnership to the widow are not includible in gross income.

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Authority: §§ 40-2A-7(a)(5) and 40-18-14, Code of Alabama 1975

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