

Alabama Composite Payment Transitional Year Relief

Prepared by: Individual and Corporate Tax Division
Alabama Department of Revenue

Preparation Date: February 10, 2010

Authorized by: Richard H. Henninger, Director
Individual and Corporate Tax Division

Contact Information:

Pass-through Entity Section
Nancy Butler, Manager
(334) 242-2111

I. Alabama Department of Revenue Rule Number 810-3-24.2-.01, Composite Returns of Pass-through Entities, was certified to the Legislative Reference Service on January 11, 2010.

II. The following is a proposed amendment to Rule Number 810-3-24.2-.01, which would provide transitional relief in those cases where the nonresident member has made the required Alabama income tax payments and the nonresident member will file the required Alabama income tax returns:

“...(2) Requirements for a Composite Return and a Composite Payment.

(a) Effective for taxable years beginning after December 31, 2008, a pass-through entity is required to file a composite return and make composite payments on behalf of its nonresident members if there are one or more nonresident members at any time during the taxable year.

1. Transition Rule. For tax years beginning after December 31, 2008 through December 31, 2009, a pass-through entity may elect, at the time of filing the composite return, to reduce the required composite payment by the amount due on behalf of a nonresident member which makes its required Alabama income tax payments and which files its required Alabama income tax return for the tax year. If a nonresident member fails to make its required Alabama income tax payments or fails to file its Alabama income tax return for the tax year, the pass-through entity shall be liable for the portion of the composite payment due on the non-compliant member’s distributive share of the pass-through entity’s income. A pass-through entity electing to reduce the composite payment under this transition rule shall indicate “Composite Payment Reduction” in bold lettering, on the front of the tax return.

2. Documentation of any composite payment reduction, elected in accordance with 1 above, must be provided as an attachment to the applicable composite return. The required documentation for each such nonresident member shall include the name, federal tax identification number, distributive share of applicable income items, and any other information needed to reconcile the actual composite payment to the amount otherwise required to be made...”

III. The promulgation process for the proposed rule amendment had begun as of the date of this document. The full proposed amended rule is available on the Department’s web site. From the main page of the website click on “Tax Policy,” then click on “Rule Hearing,” and then click on “Upcoming Rule Hearing.”

<http://www.revenue.alabama.gov/rulehear.html>

IV. The transition rule is Departmental policy and the Department is bound by the transition rule in dealing with subchapter K entities and their nonresident members concerning composite payments.

V. Accompanying this document is an example to follow when making an election to reduce a composite payment. Also, on the Department's website accompanying this document is a spreadsheet which may be utilized in making the election to reduce a composite payment.

VI. If the Alabama Form PTE-C return is filed electronically, the Alabama Composite Payment Reduction Election can be attached to the electronic return as a binary attachment in .pdf format. Please name the binary attachment ALCPRE.pdf.

More information concerning the electronic filing of Alabama business entity income tax returns is available on the Department's website.

<http://www.revenue.alabama.gov/incometax/corpefilemain.htm>

FORM PTE-C



ALABAMA DEPARTMENT OF REVENUE
INDIVIDUAL & CORPORATE TAX

CY
FY
SY

2009

Nonresident Composite Payment Return

For the year January 1-December 31, 2009 or other tax year beginning _____, 2009, ending _____

Form PTE-C is used to report Alabama taxable income for all or some of the nonresident owners/shareholders from reported Subchapter K entity or S corporation income and to make payment on behalf of the owners/shareholders in lieu of individual reporting. (CAUTION: Do not include losses on this form – see instructions.)

Check applicable box: <input checked="" type="checkbox"/> Subchapter K entity <input type="checkbox"/> S corporation <input type="checkbox"/> Qualified Investment Partnership	FEDERAL EMPLOYER IDENTIFICATION NUMBER • 63-1234567		FEDERAL BUSINESS CODE •		DEPARTMENT USE ONLY
	NAME • Bama Services LLC				
	ADDRESS 50 North Ripley Street				
	CITY Montgomery	STATE AL	ZIP CODE • 36132		
Check if amended: <input type="checkbox"/> Amended return	TOTAL NUMBER OF OWNERS/SHAREHOLDERS IN ENTITY: • 10	NUMBER OF NONRESIDENT OWNERS/SHAREHOLDERS INCLUDED IN COMPOSITE FILING: • 1		IF YOU FILED A 2008 RETURN WITH A DIFFERENT ADDRESS, CHECK HERE. <input type="checkbox"/>	

DO NOT ATTACH TO OR MAIL WITH FORM 65 OR 20S, THIS FORM MUST BE MAILED SEPARATELY.

1. Amount of tax due (see instructions)	1 •	5
2. Interest Due	2 •	
3. Penalty Due	3 •	
4. Total tax, interest, and penalty due.....	4 •	5
5a. Overpayment from 2008.....	5a •	
b. Estimated and automatic extension tax payments.....	5b •	
c. Composite payment made on behalf of this entity. Paid by • _____ FEIN • _____	5c •	
d. Qualified production company rebate.....	5d •	
e. Total of all payments/credits (add lines 5a through 5d).....	5e •	
6. Amount to be remitted or (overpayment) (subtract line 5e from line 4)	6 •	5
If paid by check or money order, FORM BIT-V MUST ACCOMPANY PAYMENT. If paid electronically check here <input type="checkbox"/>		
7a. Overpayment to be credited to 2010 return.....	7a •	
b. Overpayment amount to be refunded.....	7b •	

I authorize a representative of the Department of Revenue to discuss my return and attachments with my preparer.

UNDER PENALTIES OF PERJURY, I declare that I have examined this return and accompanying schedules and statements and, to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Please Sign Here

_____ Your Signature	_____ Title or Position	() Daytime Telephone No.	_____ Date
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Paid Preparer's Use Only

Preparer's Signature	Date	Preparer's Social Security Number
Preparer's Printed Name •		
Firm's Name (or yours, if self-employed) and Address •	Date	E.I. Number
		Telephone Number
Email Address		

Make remittance payable to: **Alabama Department of Revenue**
Write – Form PTE-C, tax year, and FEIN on remittance for verification purposes.
Include with payment Form BIT-V available at www.revenue.alabama.gov.

Mail to: **Alabama Department of Revenue – PTE**
P.O. Box 327444
Montgomery, AL 36132-7444



Required Entity Information

1. List general partners.

NAME OF GENERAL PARTNER	SSN / FEIN	ADDRESS	PERCENT OF OWNERSHIP
a. ●			
b. ●			
c. ●			
d. ●			
e. ●			

2. List other states in which the Partnership/LLC operates, if applicable.

3. At any time during the tax year, did the Partnership/LLC transact business in a foreign country? Yes No
 If yes, complete the information below:

NAME OF COUNTRY	NATURE OF BUSINESS	TAXABLE INCOME REPORTED TO COUNTRY
a. ●		
b. ●		
c. ●		
d. ●		
e. ●		

At any time during the tax year, did the Partnership/LLC invest in another Pass-Through entity? Yes No
 If yes, complete the information below:

NAME OF ENTITY	FEIN	PERCENT OF OWNERSHIP
●		
●		
●		
●		
●		

not attach the original Qualified Investment Partnership (QIP) Certification to this return! The certification must be filed with the annual Form 65 return for the QIP.

Person to contact for information regarding this return:

Name: Nancy Butler

Telephone Number: (334) 242-2111

Email: _____

SCHEDULE
PTE-CK1



ALABAMA DEPARTMENT OF REVENUE

2009

Entity's FEIN

For the year January 1 - December 31, 2009 or other tax year beginning _____, 200__ ending _____, 200__

	(A) Non-Resident Owner's/Shareholder's Name, Street Address, City, State, and ZIP	(B) Social Security Number/FEIN	(C) Entity Type	(D) Owner's/ Shareholder's Percentage of Ownership	(E) Owner's/Shareholder's Share of Nonseparately Stated Income + Portfolio Income	(F) Guaranteed Payments	(G) Total Income (Col. E + F)	(H) Owner's/ Shareholder's Share of Tax Due (Col. G X 5%)
1	A.J. Taxpayer ● 50 North Ripley Street Montgomery, AL 36132	6666666666	I	10.0000	100	0	100	5
2	●							
3	●							
4	●							
5	●							
6	●							
7	●							
8	●							
9	●							
10	●							
11	●							
12	Totals page 2 [columns (E) through (H)]							5
13	Summary totals for additional pages [columns (E) through (H)]							0
14	Totals [columns (E) through (G)] (lines 12 + 13)							
14H	Add lines 12 and 13, column (H) and enter here and on page 1, line 1							5

IF MORE THAN 11 NON-RESIDENT OWNERS/SHAREHOLDERS, ATTACH ADDITIONAL PAGES AND ENTER SUMMARY TOTALS ON LINE 13 ABOVE.

Tax Year 2009 - Special Election - Attachment to 2009 Alabama Form PTEC

Taxpayer: Bama Services LLC **FEIN:** 63-1234567

Alabama Composite Payment Reduction Election

Reconciliation of the Required Composite Payment Amount to the Amount Remitted

1	Total Required Composite Payment Computed in Accordance with Section 40-18-24.2, <u>Code of Alabama 1975.</u>	\$ 20
2	Amount of the Required Composite Payment Computed for those Nonresident Members that have Made the Required Alabama Income Tax Payments and will be Filing the Required Alabama Income Tax Returns for the Transition Year - Complete the Nonresident Member Information Schedule	\$ 15 _____
3	Amount of Tax Due - Form PTE-C Line 1 (Line 1 less Line 2)	<u>\$ 5</u>
	Total number of nonresident members shown on the attached listing	3

By completing and attaching this document to an Alabama TY 2009 Form PTEC, the taxpayer is electing to reduce the required composite payment in accordance with the special transition year rule, described in Alabama Rule Number 810-3-24.2-.01, Composite Returns of Pass-through Entities.

The face of the TY2009 Alabama Form PTE-C must boldly indicate "Composite Payment Reduction!"

The completion and filing of the TY2009 Alabama Form PTE-C indicating that a composite payment is due, even when an election has been made to reduce the required composite payment to zero, may result in a billing and assessment of the amount shown due on the Alabama Form PTE-C.

If, as a result of making this transition year election, no composite payment is due, prepare the TY2009 Alabama Form PTE-C so that zero is shown due for Line 1 (Amount of tax due), but please ensure that this election form is properly prepared and attached to the TY2009 Alabama Form PTE-C.

Taxpayer Name:

Bama Services LLC

FEIN:

63-1234567

**Nonresident Member Information Schedule
Special Attachment to Alabama Composite Payment Reduction Election**

Notice: failure to provide this information will cause the election to be invalid!

Nonresident Member's:

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	Name and Address	Soc Sec Number/FEIN	Entity Type	Percentage of Ownership	Share of Nonseparately Stated Income (loss) and Portfolio Income	Guaranteed Payments	Total Income (column E plus column F)	Share of Tax Due (column G X 5%)
1	Brenda J. Adams 50 North Ripley Street Montgomery, AL 36132	111-11-1111	I	10%	\$ 100	\$ -	\$ 100	\$ 5
2	Richard H. Henry 50 North Ripley Street Montgomery, AL 36132	222-22-2222	I	10%	\$ 100	\$ -	\$ 100	\$ 5
3	Joe Wheeler Garr 50 North Ripley Street Montgomery, AL 36132	333-33-3333	I	10%	\$ 100	\$ -	\$ 100	\$ 5
4							\$ -	\$ -
5							\$ -	\$ -
6							\$ -	\$ -
7							\$ -	\$ -
8							\$ -	\$ -
9							\$ -	\$ -
10							\$ -	\$ -
11							\$ -	\$ -

Totals This Page

Summary Total from Attached Pages

Total Amount of the Required Composite Payment Computed for those Nonresident Members that have Made the Required Alabama Income Tax Payments and will be Filing the Required Alabama Income Tax Returns for the Transition Year.
Enter this Amount on Line 2 of the Election to Reduce the Required Composite Payment Amount

\$ 15.00
