

Alabama Department of Revenue

News Release

Jan. 13, 2012

Alabama Individual Income Tax Filing Update

Montgomery—As W-2s, 1099s, and other financial statements are being distributed to taxpayers this month, the Alabama Department of Revenue offers the following tax-filing reminders and tips.

Filing Deadline Date Same as Federal—Moved to Tuesday, April 17, 2012

Alabama taxpayers will have until Tuesday, April 17, 2012, to file their 2011 Alabama return and pay any additional Alabama tax due. The ADOR will follow the federal filing and payment deadline date for 2011 returns. The April 17, 2012, deadline will apply to the following:

- 2011 Alabama individual income tax returns
- Individual estimated tax returns and payments for the first quarter of tax year 2012 (Form 40ES)
- Any other Alabama income, corporate estimate, financial institution excise, or business privilege tax returns, administered by the ADOR having an April 15, 2012, filing and payment deadline date.

Alabama 2011 individual income tax year returns filed under extension will be due Oct. 15, 2012.

Consider E-file

More than 1.3 million Alabamians electronically filed their tax returns last year. E-file is a safe, secure method of filing one's tax return and guarantees a quicker turnaround time on refund processing than traditional paper returns. The I.R.S. recently announced that it will begin accepting e-file and Free File returns on Jan. 17, 2012.

Taxpayers who meet certain eligibility requirements may be able to e-file their state and federal returns free-of-charge. For more information concerning eligibility requirements and a listing of online service providers offering free filing programs, visit the department's Web site at www.revenue.alabama.gov or the I.R.S. site at www.irs.gov. Eligible taxpayers are encouraged to view each company's offerings to determine the one which best suits their filing situation.

Depreciation Deduction

Tax Relief, Unemployment Insurance Reauthorization and Jobs Creation Act of 2010: Alabama will follow the increased deduction allowed under the recently-enacted Tax Relief, Unemployment Insurance Reauthorization and Jobs Creation Act of 2010, which amends Section 168(k) of the *Internal Revenue Code*. Section 168(k) provides that qualifying assets acquired after Sept. 8, 2010, through Dec. 31, 2011, will have a 100 percent bonus depreciation.

Small Business Jobs Act of 2010: Alabama is following the increased deductions allowed by the Small Business Jobs Act of 2010, which amends Section 179 and Section 168 of the *Internal Revenue Code*.

More information regarding Alabama's treatment of depreciation is available at www.revenue.alabama.gov. See [Current Issues](#) under the Practitioner's Corner.

Small Business Health Insurance Premiums

Qualifying employers can deduct an additional 100 percent of the amount paid as health insurance premiums on qualifying employees in connection with an employer-provided health insurance plan. Qualifying employers have less than 25 employees. Qualified employees are Alabama residents who earn no more than \$50,000 of wages and report no more than \$75,000 in adjusted gross income. Income threshold is limited to \$150,000, if married filing jointly. Sole proprietors claim this deduction on the Form Schedule C under "other expenses." Pass-through-entities claim this deduction on the Alabama partnership return Schedule K. The amount is then distributed to the partners or shareholders on the Schedule K-1. More information on the Small Business Health Insurance Premiums deduction is available at www.revenue.alabama.gov. See [Current Issues](#) under the Practitioner's Corner. The Small Business Health Care deduction is available for all tax years after Dec. 31, 2010.

Reemployment Act of 2010 (effective for tax years 2011 and 2012)

The Reemployment Act of 2010 provides an income tax deduction to employers who hire individuals collecting unemployment or whose unemployment benefits have expired. Employers will receive an income tax deduction up to 50 percent of the gross wages paid to each individual hired from these categories who remains with the employer for 12 consecutive months. The deduction is limited, depending on the wage rates paid to employees. It is effective for tax years 2011 and 2012 for employees hired during 2010 and 2011, respectively.

Homeowners Insurance Retrofitting Deduction

Homeowners who retrofit or upgrade their homes to make their residences more resistant to losses due to hurricane, tornado, or other natural disasters may claim an income tax deduction on their annual income tax returns. The deduction is limited to the lesser amount of either 50 percent of the retrofit cost or \$3,000. This deduction is available to taxpayers who itemize their deductions, as well as to those who claim the standard deduction.

Full Employment Act of 2011 (effective for tax years after Jan. 1, 2011)

The Full Employment Act of 2011 provides small business employers, having 50 or fewer employees, with a \$1,000 tax credit for each newly-created job, with a set hourly wage of \$10 or more. The credit is available to the employer after the employee has completed 12 months of consecutive employment in the new job. It is effective for tax years beginning after Jan. 1, 2011.

Disaster Relief Payments

Alabama's tax treatment of disaster relief payments follows that of the Internal Revenue Service (IRS) treatment of qualified disaster relief payments under the Internal Revenue Code §139. Generally, such payments are not taxable as long as they are not payments received in lieu of income. *Note:* Unemployment compensation is not taxable for Alabama purposes.

Treatment of ROTH Individual Retirement Accounts

Alabama's tax treatment will follow the IRS Code provision that allows a 2010 rollover from a traditional Individual Retirement Account to a Roth Individual Retirement Account. Any gain will be equally distributed and reported over tax years 2011 and 2012.

Discontinued Mailing of Paper Returns

The ADOR will not mail individual income tax return instruction booklets this year. Forms and instruction booklets may be printed from the department's web site at www.revenue.alabama.gov. See "Forms." Tax booklets and forms are available at ADOR taxpayer service centers and at most public libraries where federal tax forms and booklets are available.

Review your return

Before mailing or electronically filing, be sure to review all the information on your return one more time. Errors will delay the processing of your return.

Consumer Use Tax

Taxpayers who purchased items online or through catalog or telephone mail-order sales during 2011 and did not pay any sales or use tax to the out-of-state retailer should report and pay the Alabama consumer use tax due when filing their 2011 Alabama returns.

Choose Your Preparer Carefully

The ADOR cautions taxpayers to be wary of claims by preparers offering larger refunds than other preparers. Take time to check out the preparer's credentials.

While most preparers provide excellent service to their clients, it is important to be aware that even if someone else prepares the return, the taxpayer is ultimately responsible for all of the information reported on his or her return. The department urges taxpayers to never sign a blank return and always review the return before signing it. Question any item shown on the return that you do not understand.

Owe Additional Taxes?

The ADOR offers taxpayers a variety of electronic payment options—from E-check to credit card payment options. More information is available at www.revenue.alabama.gov. See [Electronic Services](#).

Estimated Tax Reminder

April 17, 2012, also marks another important date on the tax calendar for individuals—the start of the 2012 tax-filing period for individuals who are required to file quarterly estimated income tax reports and payments. Self-employed individuals are required to report and pay estimated income tax on a quarterly basis, based on the current maximum individual rate of five percent. In addition, individuals who receive taxable income from income sources other than wages or salaries on which no tax has been withheld are also required to report and pay estimated tax on a quarterly basis, if the taxable income received exceeds certain amounts. The estimated tax filing and payment threshold for individuals is set at \$500 in tax liability annually. Examples of such taxable income would include interest income or capital gains distributions. The reporting and payment dates for individuals are April 15, June 15, Sept. 15, and Jan. 15 of the following year.

Where's My Refund?

If you file an accurate 2011 refund return, the ADOR advises that you can expect to have your refund approved by the ADOR and issued by the state within 15 weeks from the date the return is received.

To check on the processing status of your refund return, go to ["Where's My Refund"](#) at www.revenue.alabama.gov or call the Refund Hotline at 1.800.558.3912. Please allow at least four weeks after you electronically file or mail your Alabama refund return before using the automated systems.

Last year the ADOR processed over 1.8 million individual income tax returns and approved over 1.2 million individual income tax refunds for issuance to taxpayers, totaling over \$582 million.

You can receive your 2011 state refund by either paper check or direct deposit. Last year, 638,166 Alabama taxpayers opted to have their state income tax refunds direct-deposited into their accounts. Check out the benefits of direct deposit. It is an easy and secure way to receive your tax refund.

Alabama Tax Assistance

The ADOR is committed to providing quality customer service to taxpayers. Assistance is available at taxpayers' convenience through the department's Web site at www.revenue.alabama.gov or by calling 334.242.1000. The ADOR also operates nine Taxpayer Service Centers located across the state for walk-in assistance. For a listing of ADOR Taxpayer Service Center locations, visit www.revenue.alabama.gov. See [About Us](#).

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Media contact for more information: ADOR Media Affairs Office:
Carla A. Snellgrove or Carolyn Blackstock: (334) 242-1390; FAX: (334) 242-0550
WEB site address: www.revenue.alabama.gov