

Alabama Department of Revenue

News Release
May 25, 2005

Review Your 2005 State Tax Filing Obligations *Next Estimated Tax Reporting Date June 15*

Montgomery, May 25, 2005—Although the April 15 filing deadline has passed, signaling the close of another tax season, the Alabama Department of Revenue advises that it's not too early for taxpayers to start reviewing their 2005 tax obligations and start preparing for next year's filing.

“Whether it's organizing financial statements or considering additional charitable contributions, it is never too early to start preparing for next year's tax filing. We encourage taxpayers to review interest income statements, dividend statements, income earnings from capital gains, and other ‘nonwage’ income statements to determine if these income sources have affected any reporting or filing requirements for the 2005 tax year, particularly in the area of estimated tax requirements,” said State Revenue Commissioner Tom Surtees.

Estimated tax is the method used to pay tax on income that is not subject to withholding. Estimated tax applies to income received from self-employment, interest, dividends, alimony, rent, gains from the sale of assets, prizes, and awards. Estimated tax is paid on a quarterly basis.

Generally, if a single person or a married person filing a separate return expects to receive at least \$1,875 in net income from sources other than wages or salaries, estimated tax provisions apply. In the case of married individuals who file joint annual returns, estimated tax filing requirements apply if the individuals expect to receive at least \$3,750 in net income from sources other than wages or salaries.

Penalties for failure to report and pay estimated tax include a delinquent penalty of 10% of any additional taxes required to be paid or \$50, whichever is greater, or a 6% understatement penalty.

Taxpayers who paid additional tax in 2005 when they filed their 2004 annual return are urged to carefully review their 2005 tax-year obligations to determine if estimated tax-filing requirements have been met this year.

Estimated tax-filing and payment dates for individual taxpayers are April 15, 2005; June 15, 2005; Sept. 15, 2005; and Jan. 17, 2006.

Estimated tax forms (40ES) are available from the department's Web site at www.revenue.alabama.gov and may be downloaded and printed using the "SEARCH" feature on the department's Web site to locate the form.

For more information concerning an individual's estimated income tax filing requirements, contact the Alabama Department of Revenue, Individual and Corporate Tax Division at (334) 242-1000.

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