

Alabama Department of Revenue

News Release
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Reminder: Take a Moment Now to Review Your 2001 Tax Filing Obligations *Next Estimated Tax Reporting Date Sept. 15*

Montgomery, Aug. 17, 2001—With less than five months remaining in the 2001 tax year, the Alabama Department of Revenue encourages taxpayers to review their 2001 individual tax obligations and begin preparing for the 2002 tax filing season.

“Whether it is 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 2001 tax year,” said State Revenue Commissioner Cynthia Underwood.

“Last August 2000 and again in April 2001, the department reminded taxpayers of Alabama’s estimated tax filing requirements for both individual and corporate taxpayers. Estimated tax penalties are routinely enforced at the federal level, but at the state level, we simply did not have the resources in place to identify taxpayers who met the filing requirements, but were not reporting estimated tax. After some 14 months of programming and testing, we now do,” said Underwood.

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.

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Generally, if a single person or a married person filing a separate return expects to receive at least \$1,500 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 \$3,000 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% underestimation penalty.

Taxpayers who paid additional tax in 2001 when they filed their 2000 annual return are urged to carefully review their 2001 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, June 15, September 15, and January 15 of the following year. Note, however, if the tax filing deadline date falls on a Saturday or Sunday, then the deadline date is moved to the next business day.

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. Taxpayers having Internet access may download estimated income tax forms and instructions from the department's Web site at www.ador.state.al.us.

Contact for more information:

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