

Alabama Department of Revenue

News Release

Jan. 15, 2002

Ready for 2002? Alabama Individual Income Tax Filing Update

Montgomery—The season is fast approaching—that is, the 2002 individual income tax filing season, says State Revenue Commissioner Cynthia Underwood.

In efforts to make the 2002 filing season as trouble-free as possible, the Alabama Department of Revenue offers the following information to taxpayers.

Correction Notice for 2001 Tax Booklet Instructions

The department urges taxpayers to take note of recent changes made in certain federal line item references contained in the instruction sections of the Alabama Form 40, Alabama Form 40A, and Alabama Form 40NR tax booklets.

Changes made in the order of certain federal line items occurred after the department had begun printing the state income tax booklets.

FORM 40A (Short Form)

On Part IV page 2, line one of the Alabama Form 40A:

Reads: Form 1040EZ—Enter the amount from line 10.

Should be: Form 1040EZ—Enter the amount from **line 11**.

Reads: Form 1040A—Enter the amount from line 33.

Should be: Form 1040A—Enter the amount from **line 34**.

Form 40 Instruction Booklet

Instructions for Part V, Page 2—Federal Tax Liability

Reads: (2) Form 1040EZ—Enter the amount from line 10.

Should be: (2) Form 1040EZ—Enter the amount from **line 11**.

Reads: (3) Form 1040A—Enter the amount from line 33.

Should be: (3) Form 1040A—Enter the amount from **line 34**.

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Form 40NR Instruction Booklet

Instructions for Part IV, Page 2—Federal Income Tax Deductions, line 5a

- Reads: (2) Form 1040EZ—Enter the amount from line 10.
Should be: (2) Form 1040EZ—Enter the amount from **line 11**.
Reads: (3) Form 1040A—Enter the amount from line 33.
Should be: (3) Form 1040A—Enter the amount from **line 34**.

Helpful Filing Reminders

FORM 40V—Payment Voucher

If you owe additional tax, be sure to complete a FORM 40V and include it along with your check or money order. (If you pay by credit card, do not complete the FORM 40V.) Complete a FORM 40V for both paper-filed and electronically-filed returns. The Form 40V will be used by the department to identify your tax payment by check or money order, apply it, and match it to your return for processing.

Credit Card Payment Option

If you owe additional tax, you may be able to use your credit card to pay your taxes. Alabama taxpayers can use their Discover/NOVUS, MasterCard, or American Express card by making a toll-free phone call to the state's service provider, Official Payments Corporation, at 1-800-2PAY-TAX. New this year is the option to pay by Internet, by logging on to www.officialpayments.com. A charge customer pays a convenience fee for using the credit card payment service. This fee is paid directly to Official Payments Corporation based on the amount of your tax payment. The state receives no part of the convenience fee.

Federal Tax Liability Deduction

If you claim a federal tax liability deduction on your 2001 Alabama income tax form, you must attach a copy of page 2 of your 2001 FEDERAL FORM 1040 or page 1 of your 2001 FEDERAL FORM 1040A or 1040EZ, or a copy of your TELEFILE Schedule. **Taxpayers are cautioned to enter only the federal income tax liability**

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amount from the federal returns, not the amount of federal income tax withheld for the tax year.

Federal Income Tax Refund

If you received a federal income tax refund last year, do not report the refund on your 2001 Alabama income tax return. Starting this year, taxpayers are no longer required to report their previous tax year's federal refund. Changes made in the calculation of one's federal income tax liability no longer require the reporting of the federal income tax refund as an income item on the Alabama return.

Federal Advanced Tax Credit (Federal Rebate)

If you received a federal tax rebate from the Internal Revenue Service in 2001, you must report the amount you received on your Alabama 2001 tax return. Note that the federal advanced tax credit will not be shown as an income item on your Alabama return. It will, instead, be used to calculate the amount of your total federal income tax deduction under the "deductions" section of your 2001 Alabama return.

Consumer Use Tax Reporting Line Item

Taxpayers who purchased items online or through catalog or mail-order sales during 2001 and did not pay any sales or use tax to the out-of-state retailer are able to report and pay the Alabama consumer use tax due when filing their 2001 tax year return. This is the second year that the department has offered this convenient payment and reporting procedure to taxpayers. Note that the state use tax rate is the same as the state sales tax rate. Items subject to use tax are the same items that would be subject to sales tax if purchased in Alabama. Examples of taxable items and reporting procedures are detailed in the instruction booklets.

New Checkoffs Added

The 2001 return offers a new refund donation checkoff and a new Alabama election campaign fund checkoff to taxpayers.

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Act 2001-465 established the new checkoff donation designated for the Alabama Breast and Cervical Cancer Research Program. Donations will be distributed to the University of Alabama at Birmingham's Comprehensive Cancer Center Research Program to be used in the fight against breast and cervical cancer.

The Libertarian Party is the new Alabama election campaign fund checkoff featured on the 2001 return, provided in accordance with §17-16-2 and §40-18-146, *Code of Alabama 1975*.

E-Filing Update

On January 16, 2002, the department will kick-off its electronic filing season. "2002 will mark our fifth season for electronic filing," said Underwood. "Last year, 445,933 Alabamians took advantage of Alabama's electronic filing option, comprising 25.6 percent of the total 2000 individual income tax returns filed during the 2001 filing season.

A new feature to this year's Alabama e-filing lineup is direct deposit. Direct deposit of refunds for electronically-filed returns is now available. Visit the department's Web site at www.ador.state.al.us for more information or discuss this e-filing feature with your tax preparer.

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