

810-3-39-.12      Alabama Requirements for Mandatory E-File of Original Corporate Income Tax Returns.

(1) Scope – This rule explains the electronic filing mandate requirements and exclusions for both an Income Tax Return preparer and the C-Corporation or S-Corporation.

(2) Definitions.

(a) Income Tax return preparer - a person, firm or company who meet one of the following:

1. Any person who prepares an Alabama Corporate/Partnership Income Tax Return in exchange for compensation.
2. Any person who employs another person to prepare, in exchange for compensation, any current year Alabama Corporate/Partnership Income Tax Return.
3. Any accounting firm or company who employs a person or group of people who prepare, in exchange for compensation, any current year Alabama Corporate/Partnership Income Tax Return.

(3) Income Tax Return Preparer Mandate.

(a) If an Income Tax Return preparer prepares 25 or more acceptable, original Corporate/Partnership Income Tax Return using tax preparation software in a calendar year, then for that calendar year and for each subsequent calendar year thereafter, all acceptable Corporate/Partnership Income Tax Return prepared by that Income Tax Return preparer must be filed using electronic technology, as defined in the “Electronic Tax Return Filing Act,” as codified in Chapter 30 of Title 40, Code of Alabama 1975.

(b) Paragraph (3a) of this rule, applies to acceptable Corporate/Partnership Income Tax Returns required to be filed for taxable years beginning on and after January 1, 2009. Paragraph (3a) shall cease to apply to an Income Tax Return preparer if, during that calendar year and all subsequent years, the Income Tax Return preparer prepared no more than 15 original Corporate/Partnership Income Tax Returns.

(c) Paragraph (3a) of this rule, may not be interpreted to require electronic filing of acceptable Corporate/Partnership Income Tax Returns that are required to be filed on or before January 1, 2009.

(4) C-Corporation/S-Corporation Mandate.

(a) Corporations with assets of \$5 million or more, or partnerships with 50 or more partners at the end of the corporation/partnership's taxable year are mandated to e-file Alabama Corporate/Partnership Income Tax Returns, for that calendar year and all subsequent tax years.

(5) Exclusions from the E-file Mandate.

(a) If an entity is exempt from filing the federal 1120 or 1120S as stated in the IRS publication 4164 for the tax year of the Alabama return being filed, then they are exempt from the Alabama e-file mandate.

(b) Opting to paper file the federal 1120 or 1120S does not exclude an Income Tax Return preparer or corporation from the Alabama e-file mandate. To be in compliance with the Alabama e-file mandate, an accepted current tax year federal return must be transmitted electronically with the mandated electronic Alabama return.

(6) Preparer Compliance with the E-File Mandate.

(a) An income tax return preparer may be subject to a random monitoring visit for not electronically filing returns.

(b) If it is shown that failure to electronically file Corporate/Partnership Income Tax Returns is due to willful neglect and no prior approval from the Department has been obtained to paper file, then that tax preparer's acceptance in the Alabama Business MeF Program shall be revoked. The tax preparer will be unable to electronically transmit Corporate/Partnership Income Tax Returns to the Department.

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Authority: Sections 40-2A-7(a)(5), 40-18-40, and 40-30-1 through 6, Code of Alabama 1975.

History: New rule: Filed November 10, 2015, effective December 15, 2015.  
Amended: Filed April 27, 2018; Effective June 11, 2018.