Taxable Year.

(1) Taxable income shall be computed and a return shall be made for a period known as the "taxable year." The taxable year may be a calendar year, a fiscal year, an elected 52-53 week year, or an accounting period of less than twelve months resulting from a change in accounting periods. The taxable year for Alabama purposes must tie to the same tax period the taxpayer utilizes for federal tax purposes.

(2) A taxpayer elects a taxable year when the first federal return is filed. This election must be consistently followed in filing subsequent returns, and all Alabama returns.

(a) A calendar year is the twelve consecutive month period beginning January 1 and ending December 31.

(b) A fiscal year is the twelve consecutive month period ending on the last day of any month other than December.

(c) There is no provision in Alabama Income Tax law for the 52-53 week year; however, the department does permit the election of the 52-53 week year. When this election is made, the department will follow the methods prescribed by the Internal Revenue Service pursuant to 26 U.S.C. §441(f).

(3) An accounting period of less than twelve months is one that results from changing the accounting period from the calendar year to the fiscal year, from fiscal year to calendar year, from one fiscal year to another, when the taxpayer is not in existence for the entire taxable year, when the taxpayer goes out of business, when there is a change in entity, or for any other reason required for federal purposes.

(4) Effect of election under §40-18-8(j), Code of Ala. 1975, (and 26 U.S.C. §338), for entities filing separate returns. If the target corporation must change its taxable year to conform to that of a new consolidated parent company for federal purposes, then the same changes will be made for Alabama purposes.

(5) If the taxpayer's accounting period is other than the taxable year as described in this rule, or if the taxpayer has no accounting period or does not keep records, the net income shall be computed on the basis of the calendar year.

(6) For tax years beginning after December 31, 1998, a taxpayer making an election to file an Alabama consolidated return, as provided in §40-18-39, must use the same taxable year as employed for Federal Income Tax purposes.

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