

(1) (a) A partnership is considered to be a "conduit" of income to each partner and not a taxable entity under Alabama income tax law.

(b) The term "partnership" includes a limited partnership, general partnership, and a syndicate, group, pool, or joint venture which is not a corporation, estate, trust or sole proprietorship within the meaning of the Alabama income tax law.

(c) The term "partner" means any person who is a member of a partnership.

(d) The term "person" as used in this rule includes an individual, corporation, fiduciary, or another partnership.

(2) A partnership, once established, continues until all business activities, financial operations, or ventures of the partnership carried on by any of its partners as the partnership cease.

(3) (a) Each partner shall include in gross income from all sources, the distributive share of the income (or loss) of a partnership for any partnership year ending within the partner's taxable year. For an Alabama resident, this amount will also be included in Alabama gross income.

(b) Each nonresident partner shall include in Alabama gross income the distributive share of partnership income (or loss) attributable to Alabama as provided in Rule 810-3-24-.02(2). For the purpose of apportioning deductions based on the ratio of Alabama adjusted gross income to total adjusted gross income, total adjusted gross income will include the nonresident partner's full share of the partnership income, and not just the portion attributable to Alabama.

(4) The Internal Revenue Code contains provisions similar to those in § 40-18-24. The department will consider administrative rulings and judicial decisions in respect to the similar provisions of federal law and regulations in interpreting this rule.

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Authority: §§ 40-2A-7(a)(5) and 40-18-24.

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