2019 www.revenue.alabama.gov

Alabama

Form 40 Booklet

■ Long Return ■ Residents and Part-Year Residents ■ Forms and Instructions

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MAT
My Alabama Taxes
Alabama Department of Revenue

- File returns and view prior filing periods
- Pay Taxes and view balances
- Send messages, receive notifications and view letters from the Department of Revenue

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Physical Addresses of Taxpayer Service Centers

Alabama income tax assistance may be obtained by calling or visiting any of the Alabama Department of Revenue Taxpayer Service Centers listed below. Additional forms and instructions may also be obtained from these centers.

- **Auburn/Opelika Taxpayer Service Center**
  3300 Skyway Drive
  Auburn, AL 36830
  Phone – (334) 887-9549
- **Dothan Taxpayer Service Center**
  121 Adris Place
  Dothan, AL 36303
  Phone – (334) 793-5803
- **Gadsden Taxpayer Service Center**
  701 Forrest Avenue
  Gadsden, AL 35901
  Phone – (256) 547-0554
- **Huntsville Taxpayer Service Center**
  4920 Corporate Drive, Suite H
  Huntsville, AL 35805
  Phone – (256) 837-2319
- **Jefferson/Shelby Taxpayer Service Center**
  2020 Valleydale Road, Suite 208
  Hoover, AL 35244
  Phone – (205) 733-2740
- **Mobile Taxpayer Service Center**
  851 E. I-65 Service Road South, Bel Air Tower, Suite 100
  Mobile, AL 36606
  Phone – (251) 344-4737
- **Montgomery Taxpayer Service Center**
  2545 Taylor Road
  Montgomery, AL 36117
  Phone – (334) 242-2677
- **Shoals Taxpayer Service Center**
  201 South Court Street, Suite 200
  Florence, AL 35630
  Phone – (256) 383-4631
- **Tuscaloosa Taxpayer Service Center**
  1434 22nd Avenue
  Tuscaloosa, AL 35401
  Phone – (205) 759-2571

From The Commissioner…

VERNON BARNETT
Commissioner

State of Alabama
Department of Revenue
(www.revenue.alabama.gov)
50 North Ripley Street
Montgomery, Alabama 36132

CURTIS E. STEWART
Deputy Commissioner
MICHAEL D. GAMBLE
Deputy Commissioner
DONALD J. GRAHAM
Deputy Commissioner
DERRICK COLEMAN
Deputy Commissioner

September 17, 2019

Dear Taxpayer,

The Alabama Department of Revenue is making great strides in working toward a paperless environment while saving your taxpayer dollars traditionally used on paper, ink, storage, disposal fees, mailing costs, etc. We encourage you to join us as we move toward a greener future. E-filing your return has a ripple effect of reducing enormous burdens on the environment while decreasing the time it takes to process your refund. That means you get your refund faster. You can also choose to have your refund direct deposited, which eliminates a trip to the bank, and enables you to get your money sooner. Eco-friendly e-filing and direct deposit are a win-win for all by creating a better tomorrow for all Alabamians.

In addition to reducing the reliance on raw materials and natural resources, e-filing allows an extra layer of protection from identity theft and fraud. The intersection of fraud and technology is a challenge facing all taxpayers today, and this fact is mission critical at the Department of Revenue. As part of continuing efforts to reduce income tax fraud, Alabama helped launch the first-in-the-nation selfie verification system "eID" to protect Alabamians and their tax dollars. With eID, taxpayers can verify that any return filed on their behalf is legitimate, and eID verified returns receive a quicker process time resulting in refunds being approved up to 60 percent sooner. For more information on protecting your identity and receiving priority processing of your return, visit the department's website at www.revenue.alabama.gov.

If you're still undecided about whether to e-file, consider Alabama's simplified short form for those that qualify. The simplified short form, or 40EZ, is available for taxpayers having a valid Alabama driver's license. The requirements for the form 40EZ are a filing category of either single or married filing jointly with Alabama gross income of less than $100,000. The only deductions allowed on the simplified short form will be the optional increased standard deduction and personal exemption. Just select your filing category, enter your W2 income, and we'll do the rest. Please visit the department's website (https://revenue.alabama.gov/) and select My Alabama Taxes in the upper right corner of the home page (touch the menu button on a mobile device) to get started.

If you plan to file a paper return, please consider a "fill-in" form from the department's website. The fill-in forms increase efficiency and accuracy by performing any necessary calculations for you. In addition, fill-in forms contain 2-D barcode software which encodes all your return information. With 2-D barcodes, a simple scan captures the data from your return without having to data key the information. 2-D barcodes allow for a faster processing time with fewer errors than traditional paper filed returns.

Also, please remember to e-file or mail your completed return as early as possible. This helps ensure you beat the rush of returns filed in April and allows us time to verify and process your return faster, plus early filing helps get ahead of fraudsters and protects your money. We also welcome any comments and suggestions you may have for any of our forms or instructions. Be sure to include your name, address, phone number, and email should we have any questions for you.

Thank you for filing your State of Alabama income tax return.

Vernon Barnett
Commissioner

What's New For 2019

Website – Check out our updated website at www.revenue.alabama.gov for downloadable forms, fill-in-forms, instructions, and the most accurate up-to-date information available. Our website also hosts links to PC on-line filing providers supporting the Federal/State electronic filing program.

Refund Status – For the most up-to-date information concerning the status of your current year refund, call 1-855-894-7391 or check our website.

Identity Quiz – If you happen to receive a notice to complete an ID Confirmation Quiz, it is not because you are suspected of ID theft. The purpose of the quiz is to protect your identity as the filer and prevent loss of taxpayer dollars to thieves.

Home Buyer Savings Account –Taxpayers may now deduct deposits to an Alabama First-Time and Second Chance Home Buyer Savings Account. Please see www.revenue.alabama.gov for more information.

Credits – Certain tax credits are now required to be pre-approved through My Alabama Taxes (MAT) at www.myalabamataxes.alabama.gov. Please see the credit instructions in this booklet and Schedule OC instructions for more information.

Refund Status

To check the status of your current year refund, go to our Website at **www.revenue.alabama.gov**, then click on "Where's My Refund," or call our 24-hour toll-free Refund Hotline at **1-855-894-7391**.

How To Use This Instruction Booklet

The instructions for Form 40 are divided into five main sections.

- **Section 1** contains information on who must file, how to choose the correct form, and when to file a return.
- **Section 2** contains useful steps to help you prepare your return.
- **Section 3** contains specific instructions for most of the lines on your return.
- **Section 4** contains general information about such items as amending your tax return, how long to keep records, and filing a return for a deceased person.
- **Section 5** contains instructions for completing Schedule A for those taxpayers itemizing their deductions. Also included are instructions for Schedules B, CR, DC, D, and E.

If you follow the steps in Section 2 and the specific instructions in Section 3, you should be able to fill in your return quickly and accurately.

When Should I Expect My Refund?

Wait At Least 90 Days For Your Refund

If you do not receive your refund within 90 days of mailing your return, go to **www.revenue.alabama.gov**, then click on "Where's My Refund," or complete Form IT:489. This form can be obtained at our website **https://revenue.alabama.gov/forms/?d=individual-corp** or at any of our Alabama Taxpayer Service Centers listed on page 2 of this booklet. If you call about your refund, have a copy of your return with you or the Department may be unable to assist you.

Each year the Alabama Department of Revenue receives over 1.8 million income tax returns. Of this number, over 1 million taxpayers receive refunds. The Department makes every effort to process your refund as quickly as possible, and there are several things you, the taxpayer, can do to help us accomplish this.

The date you file your return and how you file determines when you can expect your refund. For example, electronically filed returns are received and processed significantly faster than returns that are mailed to the Department of Revenue. Also, if you mail in an error-free return in January or February, you can expect to receive your refund sooner than if you wait until March or April to file. Returns filed this close to the deadline may require 90 days to process.

Common Mistakes Which Delay Refunds

Incorrect Name. Your refund will be issued in the name(s) appearing on your return. If your name is illegible or misspelled, your refund may be issued in the wrong name.

Incorrect Address. Last year the U.S. Postal Service was unable to deliver thousands of refunds due to incorrect addresses, or because the taxpayer moved and failed to leave a forwarding address.

Incorrect Social Security Number. Last year approximately 80,000 returns were received with missing or incorrect social security numbers. Your social security number is very important; it is used for identification of your file. Please compare the number on your return with the number on your social security card.

Show in the blocks provided the social security numbers in the same order as the first names. For example, the social security number of the first name listed should be entered in the box headed "Your social security number." The social security number of the second name should be entered in the box headed "Spouse's social security number." If separate returns are filed, the person filing the return should enter his or her social security number in the box headed "Your social security number," and enter the spouse's name and social security number on line 3. It is very important that the social security numbers be listed in this order so your refund will be issued in the correct name.

Legibility. On many returns, the name, address, or social security number is not readable. If this happens, the wrong information may be recorded, and your refund check may be delayed. Make sure that the information you enter on the return is readable.

Missing Withholding Statement (W-2). Make certain the "State Copy" of all forms W-2 wage and tax statements are included, W-2s are frequently missing. The Department will consider the return incomplete if all required information is not included.

Incorrect Computation. Many returns must be corrected each year by the Department due to simple math errors. Before mailing your return, double check the addition and subtraction to make sure the math is correct. This is a good idea even if someone else prepares your return.

Misdirected Mailing. Each year thousands of returns are mailed to the Internal Revenue Service instead of the Alabama Department of Revenue.

Filing More Than One Return. File only one Form 40, 40A, 40EZ, 40NR or electronic return for each tax year. If it is necessary to amend your original return, you must file a completed return with the "Amended Return" box checked. The amended return will be processed after your original return has been processed.

Filing Copies. A copy of a return is not acceptable unless it has the taxpayer(s) original signature(s).

Missing Signatures. Thousands of unsigned returns are received each year by the Department. Before we can process them, these returns must be returned to the taxpayers for signatures. If a joint return is filed, both spouses must sign the return.

Other Reasons For Refund Delays

You Have Not Paid All Taxes Due From a Previous Year. If you owe tax for a prior year, your refund will be applied to pay that deficiency. Any amount remaining will be refunded to you. This will generally delay your refund 12 weeks or more.

Setoff Debt Collection. If the Alabama Department of Human Resources, the Alabama Department of Labor, the Administrative Office of Courts, the Alabama Medicaid Agency, Alabama League of Municipalities, or Association of County Commissions of Alabama has notified the Alabama Department of Revenue that your account is delinquent on a debt repayment, any public assistance program (including the Child Support Act of 1979, Chapter 10, Title 38), any Medicaid assistance program, or Local Government Entity your refund will be applied to that debt. ***Note:*** *See* ***Setoff Debt Collection*** *on page 18 for further information.*

Federal Refund Offset Program. Your 2019 federal or state refund will be taken to satisfy any outstanding liabilities owed to the State of Alabama or to the Internal Revenue Service.

SECTION 1 Filing Information

First, be certain you need to file a tax return. Your marital status, filing status, and gross income determine whether you have to file a tax return. Gross income usually means money, goods, and property you received on which you must pay tax. It does not include nontaxable benefits. See page 7 of the instructions to find out which types of income you should include.

Other Filing Requirements

Refunds. Even if your gross income was less than the amounts shown, you must file a return to get a refund if Alabama income tax was withheld from any amounts paid to you.

Domicile. Individuals who are domiciled in (or residents of) Alabama are subject to tax on their entire income whether earned within or without Alabama. This is true regardless of their physical presence within Alabama at any time during the taxable year. Domicile is where one lives, has a permanent home, and has the intention of returning when absent. Domicile may be by birth, choice, or operation of law. Each person has one and only one domicile which, once established, continues until a new one is established coupled with the abandonment of the old. Burden of proof regarding change of domicile is on the taxpayer even though he/she owns no property, earns no income, and has no place of abode in Alabama.

If an Alabama resident accepts employment in a foreign country for a definite or indefinite period of time with the intent of returning to the United States, the individual remains an Alabama resident and all income, wherever earned, is subject to Alabama income tax. This is true even if the taxpayer leaves no property in Alabama.

If a citizen of a foreign country comes to Alabama to work (no matter how long he stays), buys a home, secures an Alabama driver's license, does not intend to apply for U.S. Citizenship, and intends to ultimately re-

turn to the country of origin, the individual will be considered to have established domicile in Alabama. In other words, a foreign citizen domiciled in Alabama is liable for Alabama income tax on income earned from all sources.

Military Personnel (Residents). Military personnel, whose legal residence is Alabama, are subject to Alabama income tax on all income regardless of the source or where earned unless specifically exempt by Alabama law.

Military personnel (Army, Navy, Marine, Air Force, Merchant Marine, and Coast Guard) who were residents of Alabama upon entering military service remain residents of Alabama for income tax purposes, regardless of the period of absence or actual place of residence, until proof as to change of home of record has been made. The burden of proof is on the taxpayer though he owns no property, earns no income, or has no place of abode in Alabama. Under the provisions of the Soldiers' and Sailors' Civil Relief Act, military personnel are not deemed to have lost their permanent residence in any state solely because they are absent in compliance with military orders. In addition, persons are not deemed to have acquired permanent residence in another state when they are required to be absent from their home state by virtue of military orders. If the husband and wife are both in military service, each could be a resident of a different state under the Soldiers' and Sailors' Civil Relief Act. A spouse not in military service has the same domicile as the military spouse unless proven otherwise.

Military Personnel (Nonresidents). Nonresident military personnel merely having a duty station within Alabama (whose legal residence is not Alabama) are not required to file an Alabama income tax return unless they have earned income from Alabama sources other than military pay. If they have earned income in Alabama other than military pay, they are required to file Alabama Form 40NR. A married nonresident military person with income earned in Alabama may file either a separate return claiming himself or herself only, or a joint return claiming the total allowable personal exemption. The "Military Spouses Residency Relief Act" (Public Law 111-97) states that the income for services performed by the spouse of a service member shall not be deemed to be income for services performed or from sources within a tax jurisdiction of the United States if the spouse is not a resident of the jurisdiction in which the income is earned because the spouse is in the jurisdiction solely to be with the service member serving in compliance with military orders.

Dependent's and Student's Income. Dependents who are residents of Alabama must file a return if they meet the requirements under **You Must File A Return If…** on this page. A student's income is fully taxable to the same extent as other individuals who are required to file a return. The dependent or student can claim a personal exemption of $1,500, and his or her parents may claim a dependent exemption if they provided more than 50% of his or her total support. See **Dependent Exemption** on page 8.

When To File

You should file as soon as you can after January 1, 2020, but no later than the due date of the federal return. If you file late, you will have to pay penalties and interest. (See Penalties and Interest on page 17.)

If you know you cannot file your return by the due date, you do not need to file for an extension. You will automatically be granted an extension until October 15, 2020. If you anticipate that you will owe additional tax on your return, you should submit your payment with a payment voucher (Form 40V) with the box "Automatic Extension Payment" checked by the due date of the federal return.

Except in cases where taxpayers are abroad, no extension will be granted for more than 6 months.

An extension means only that you will not be assessed a penalty for filing your return after the due date. Interest on the additional tax due from the due date of the return and any penalties will be assessed if applicable to your return.

Original returns must be filed within two years of the date the taxes are paid to be eligible for a refund. Criminal Liability could result from a continued failure to file returns. (Refer to **"Criminal Liability"** on Page 18.)

Which Form To File

You MAY Use Form 40A If You Meet ALL The Following Conditions:

- You were a resident of Alabama for the entire year,
- You do not itemize deductions,
- You do not claim any adjustments to income, such as an IRA deduction, alimony paid, Federal income tax paid for a prior year, etc.,
- You do not have income from sources other than salaries and wages except for interest and dividend income which cannot exceed $1,500,
- You are not claiming income or loss from Schedules C, D, E, or F, and
- You are not claiming credit for taxes paid to another state.

You MUST Use Form 40 If:

- You were a full or part-year resident of Alabama and do not meet ALL of the requirements to file Form 40A, and
- You are itemizing deductions.

Part-Year Residents

Part-year residents of Alabama should only report income earned while a resident of Alabama. Itemized deductions must be prorated to reflect only those expenses incurred while a resident of Alabama. Federal Tax Liability must be prorated by applying a percentage of Alabama adjusted gross income to Federal adjusted gross income in order to calculate the amount deductible on line 12 of Form 40. Part-year residents are allowed to deduct the full standard deduction, personal, and dependent exemptions.

You MUST Use Form 40NR If:

- You are not a resident of Alabama and you received taxable income from Alabama sources or for performing services within Alabama and your gross income from Alabama source exceeds the allowable prorated personal exemption, or filing Married Filing Joint under the "Military Spouses Residency Relief Act." Nonresidents must prorate the personal exemption. If your Alabama gross income exceeds the prorated amount, a return must be filed.

You MUST Use Both Form 40 and Form 40NR If:

- You had sufficient income to require the filing of a part-year return and also had income from Alabama sources while a nonresident during the same tax year. In this case, both the total personal exemption and the dependent exemption must be claimed on the part-year resident return. No exemption can be claimed on the nonresident return. The part year resident return should include only income and deductions during the period of residency, and the nonresident return should include only income and deductions during the period of nonresidency.

You Must File A Return If…

You were a:	and your marital status at the end of 2019 was:	and your filing status is:	and your gross income was at least:
Full Year Resident	Single (including divorced and legally separated)	Single	$ 4,000
		Head of family	$ 7,700
	Married and living with your spouse at the end of 2019 (or on the date your spouse died)	Married, joint return	$10,500
		Married, separate return	$ 5,250
Part Year Resident	Single (including divorced and legally separated)	Single	$ 4,000 (while an Alabama resident)
		Head of family	$ 7,700 (while an Alabama resident)
	Married and living with your spouse at the end of 2019 (or on the date your spouse died)	Married, joint return	$10,500 (while an Alabama resident)
		Married, separate return	$ 5,250 (while an Alabama resident)
Nonresident	Single (including divorced and legally separated)	Single or head of family	Over the allowable prorated exemption:
	Married and living with your spouse at the end of 2019 (or on the date your spouse died)	Married, joint return	
		Married, separate return	

SECTION

2 Steps for Preparing Your Return

By following these four useful steps, and reading the specific instructions, you should be able to prepare your return quickly and accurately.

Step 1

Collect all your necessary records.

Income Records. These include any **Forms W-2, W-2G,** and **1099** that you have. If you do not receive a Form W-2 by February 1, or if the one you receive is incorrect, please contact your employer as soon as possible. Only your employer can give you a Form W-2, and only he or she can correct it.

If you have someone prepare your return for you, make sure that person has all your income and expense records so he or she can fill in your return correctly. Remember, if someone else prepares your return incorrectly — **you are still responsible.**

Step 2

Obtain any forms or schedules you may need.

The fastest way to obtain forms is to download them from our website www.revenue.alabama.gov. Also see page 32 for more information.

Step 3

Sign and date your return.

Form 40, 40A, or 40NR is not considered a return unless you sign it. Please sign the return in black ink only. Your spouse must also sign if it is a joint return. Original signatures are required or the return will not be accepted.

Step 4

Attach all necessary forms and schedules.

Attach the state copy of all **Forms W-2, W-2G,** and **1099** to the front of your return. Attach schedules and forms in sequential order, starting with Form 40.

If you need more space on forms or schedules, attach separate sheets and use the same format as printed forms, but show your totals on the printed forms. Please use sheets that are the same size as the forms and schedules. Be sure to put your name and social security number on these separate sheets and attach them at the end of the return.

Before mailing your return, check to make sure you have retained an exact copy for your records. If you owe tax, be sure to include your payment and Form 40V with your return.

SECTION

3 Specific Instructions

Name and Address

Please type or print your name, address, and social security number in the appropriate blocks.

If you live in an apartment, please include your apartment number in the address. If the post office delivers mail to your P.O. box number rather than to your street address, write the P.O. box number instead of your street address.

Social Security Number

Each year thousands of taxpayers file returns using an incorrect social security number. Usually this number belongs to another taxpayer. It is very important that you file your return using the correct social security number. Failure to use your correct social security number(s) in the space(s) provided WILL DELAY the processing of your refund. Listed below are a few of the common reasons why a social security number is reported incorrectly:

- failed to enter number on return,
- memorized wrong number,
- copied number wrong,
- gave an incorrect number to the tax preparer, or
- gave your employer an incorrect number.

IMPORTANT: *Check your W-2 forms. Your employer may be reporting an incorrect number for you.*

If you are married and filing a joint return, write both social security numbers in the blocks provided.

If you are married and filing separate Alabama returns, write your spouse's social security number on line 3.

If your spouse is a nonresident alien, has no income, does not have a social security number, and you file a separate return, write "NRA" in the block for your spouse's social security number. If you and your spouse file a joint return, your spouse must have a social security number.

If you or your spouse do not have a social security number, please get **Form SS-5** from a Social Security Administration (SSA) office. File it with your local SSA office early enough to get your number before April 15.

IMPORTANT: *Please notify the Social Security Administration (SSA) immediately in the event you have changed your name because of marriage, divorce, etc., so the name on your tax return is the same as the name the SSA has on record. This helps prevent delays in processing your return.*

Filing Status and Personal Exemption Lines 1 through 4

You should check only the box that describes your filing status. The personal exemption will be determined by your filing status on the last day of the tax year.

Single

Consider yourself single if on December 31, 2019, you were unmarried or separated from your spouse either by divorce or separate maintenance decree.

If you check box 1, enter $1,500 on line 13.

Married – Joint or Separate Returns?

Joint Returns. Most married couples pay less tax if they file a joint return. If you file a joint return, **you must report all income, exemptions, deductions, and credits for you and your spouse. Both** of you must sign the return even if only one of you had income. Common law marriages entered into **before** January 1, 2017, are recognized by the State of Alabama for income tax purposes.

CAUTION: *You cannot file a joint return if you are a resident of Alabama and your spouse is a resident of another state. You should file as "married filing separate."*

You and your spouse can file a joint return if you were living together on December 31, 2019, even if you did not live together for the entire year. Both of you are responsible for any tax due on a joint return, so if one of you does not pay the other may have to.

NOTE: *If you file a joint return, you may not, after the due date of the return, choose to file separate returns for that year.*

If your spouse died in 2019, you can file a joint return for 2019. You can also file a joint return if your spouse died in 2020 before filing a 2019 return. For details on how to file a joint return, see Death of Taxpayer on page 18.

If you check box 2, enter $3,000 on line 13.

Separate Returns. You can file separate returns if both you and your spouse had income, or if only one of you had income.

If you file a separate return, report only your own income, exemptions, deductions, and credits. You are responsible only for the tax due on your return.

NOTE: *Alabama is not a community property state.*

If you file a separate return, write your spouse's social security number on line 3. If your spouse is not required to file, attach a statement explaining why.

If you check box 3, enter $1,500 on line 13.

Head of Family

An individual shall be considered "Head of Family" if, and only if, such individual is not married at the close of their tax year, is not a surviving spouse and their qualifying dependent is not a foster child.

You may check the box on line 4 **ONLY IF** on December 31, 2019, you were unmarried or legally separated and meet either test 1 or 2 below.

Test 1. You paid **more than half** the cost of keeping up a home for the entire year provided that the home was the main home of your parent whom you can claim as a dependent. Your parent did not have to live with you in your home,

OR

Test 2. You paid **more than half** the cost of keeping up a home in which you lived and in which one of the following also lived for more than 6 months of the year (temporary absences, such as for vacation or school, are counted as time lived in the home):

a. Your **unmarried** child, grandchild, great-grandchild, etc., adopted child, or stepchild. This child does not have to be your dependent.

b. Your **married** child, grandchild, great-grandchild, etc., adopted child, or stepchild. This child must be your dependent. But if your married child's other parent claims him or her as a dependent under the Federal rules for

"Children of Divorced or Separated Parents," this child does not have to be your dependent.

c. Any relative whom you can claim as a dependent. (See definition of dependent on page 8.)

If the person for whom you kept up a home was born or died during the year, you may still file as "Head of Family" if the home was that person's main home for the part of the year he or she was alive.

Special Rules

A nonresident taxpayer who receives income from Alabama sources or for performing services within Alabama and who also had income while a resident of Alabama during the same tax year must file both the Alabama Nonresident Form 40NR and the Alabama Part-year resident Form 40. **If you are required to file both returns, the total personal exemption and the dependent exemption must be claimed on the part-year return (Form 40). No personal exemption or dependent exemption can then be claimed on the nonresident return (Form 40NR).**

Income

All income is subject to Alabama income tax unless specifically exempted by state law. The term "income" includes, but is not limited to, salaries, wages, commissions, income from business or professions, alimony, rents, royalties, interest, dividends, and profits from sales of real estate, stocks, or bonds. Military pay is taxable income except for compensation received for active service in a designated combat zone.

Examples of Income You MUST Report

The following kinds of income should be reported on Forms 40, 40A, or 40NR and related forms and schedules:

- Wages including salaries, fringe benefits, bonuses, commissions, fees, and tips.
- Dividends (Schedule B).
- Interest on: bank deposits, bonds, notes, federal income tax refunds, mortgages on which you receive payments, accounts with savings and loan associations, mutual savings banks, credit unions, etc. (Schedule B).
- Original Issue Discount (Schedule B).
- Distributions from an Individual Retirement Arrangement (IRA) including SEPs and DECs, if you excluded these amounts in a prior year.
- Bartering income (fair market value of goods or services you received in return for your services).
- Business expense reimbursements you received that are more than you spent for the expenses.
- Amounts received in place of wages from accident and health plans (including sick pay and disability pensions) if your employer paid for the policy.
- Alimony or separate maintenance payments received from and deductible by your spouse or former spouse.
- Life insurance proceeds from a policy you cashed if the proceeds are more than the premium you paid.
- Profits from businesses and professions (Federal Schedule C or C-EZ).
- Your share of profits from partnerships and S Corporations (Schedule E).
- Profits from farming (Federal Schedule F).
- Pensions and annuities other than those listed in "Examples of Income You DO NOT Report."
- Lump-sum distributions, endowments.
- Gains from the sale or exchange (including barter) of real estate, securities, coins, gold, silver, gems, or other property (Schedule D).
- Gains from the sale of your personal residence as reported on your Federal return.
- Rents and Royalties (Schedule E).
- Your share of estate or trust income (Schedule E).
- Prizes and awards (contests, lotteries, and gambling winnings).
- Income from sources outside the United States.
- Director's fees.
- Fees received as an executor or administrator of an estate.
- Embezzled or other illegal income.
- Refunds of federal income tax if deducted in a prior year and resulted in a tax benefit.
- Payments received as a member of a military service are taxable except for combat pay and certain allowances.
- Property transferred in conjunction with performance of services.
- Jury duty pay.

Examples of Income You DO NOT Report

Do not include these amounts when deciding if you must file a return.

- United States Retirement System benefits.
- State of Alabama Teachers' Retirement System benefits.
- State of Alabama Employees' Retirement System benefits.
- State of Alabama Judicial Retirement System benefits.
- Military retirement pay.
- Tennessee Valley Authority Pension System benefits.
- United States Government Retirement Fund benefits.
- Payments from a "Defined Benefit Retirement Plan" in accordance with IRC 414(j). **Contact your retirement plan administrator to determine if your plan qualifies.**
- Federal Railroad Retirement benefits.
- Federal Social Security benefits.
- State income tax refunds.
- Unemployment compensation.
- Welfare benefits.
- Disability retirement payments (and other benefits) paid by the Veteran's Administration.
- Workman's compensation benefits, insurance damages, etc., for injury or sickness.
- Child support.
- Gifts, money, or other property you inherit or that was willed to you.
- Dividends on veteran's life insurance.
- Life insurance proceeds received because of a person's death.
- Interest on obligations of the State of Alabama or any county, city, or municipality of Alabama.
- Interest on obligations of the United States or any of its possessions.
- Amounts you received from insurance because you lost the use of your home due to fire or other casualty to the extent the amounts were more than the cost of your normal expenses while living in your home. (You must report as income reimbursements for normal living expenses.)
- Military allowances paid to active duty military, National Guard, and active reserves for quarters, subsistence, uniforms, and travel.
- Subsistence allowance received by law enforcement and corrections officers of the State of Alabama.
- All retirement compensation received by an eligible fire fighter or a designated beneficiary from any Alabama firefighting agency.
- All retirement compensation received by an eligible peace officer or a designated beneficiary from any Alabama police retirement system.
- Death benefits received by a designated beneficiary of a peace officer or fireman killed in the line of duty.
- Income earned while serving as a foreign missionary after first serving 24 months as a missionary in a foreign country.
- Compensation received from the United States for active service as a member of the Armed Forces in a combat zone designated by the President of the United States.
- An amount up to $25,000 received as severance, unemployment compensation or termination pay, or as income from a supplemental income plan, or both, by an employee who, **as a result of administrative downsizing**, is terminated, laid-off, fired, or displaced from his or her employment, shall be exempt from state income tax. **If the exempt severance pay is included in your state wages, contact your employer for a corrected W-2.**
- Beginning January 1, 1998, all benefits received from Alabama Prepaid Affordable College Tuition Contracts (PACT).
- Alabama College Counts 529 fund.
- Income received from the Department of Defense as a result of a member of the military killed in action in a designated combat zone.
- Any income earned by the spouse in the year of death of a member of the Military who has been killed in action in a designated combat zone.
- Beginning January 1, 2016, all income, interest, dividends, gains or benefits of any kind received from an ABLE (Achieving Better Life Experience) savings account.

Rounding Off to Whole Dollars

Round off cents to the nearest whole dollar on your return and schedules. You can drop amounts under 50 cents. Increase amounts from 50 to 99 cents to the next dollar. For example: $1.39 becomes $1.00, and $2.69 becomes $3.00.

Line 5

Wages, Salaries, Tips, Etc.

Report all W-2 information on Schedule W-2. *See Schedule W-2 instructions for more information.* On column B – "Income," enter the amount from Schedule W-2, Line 18, Column I plus Column J.

NOTE: *If you are a resident of Alabama and you earn wages in more than one state, include the total "State Wages" from all states.*

NOTE: *State of Alabama employees will find that the amount taxable for state purposes is, in most cases, more than the amount taxable for federal purposes. This is due to the fact that amounts deducted from their wages as "Contributions to the Alabama State Retirement System" qualify for deferral on the Federal return, but do not qualify for deferral on the Alabama return.*

Part-year Residents. If you were a resident of Alabama for only a part of the year, enter only the income

earned during the period of residence in Alabama.

Statutory Employees. If you were a statutory employee, the "Statutory Employee" box of your W-2 form should be checked. Statutory employees include full time life insurance salespeople, certain agent or commission drivers, traveling salespeople, and certain homeworkers.

Please see the Schedule W-2 instructions for information on how to report your "Statutory Employee" wages.

Alabama Income Tax Withheld

Alabama tax withheld information must be reported on Schedule W-2. *(See Schedule W-2 instructions for more information.)* The amount withheld is shown on the state copy of your Form W-2. This copy should be marked "To Be Filed With Your Alabama Income Tax Return."

***NOTE: Do not** change or alter the amount of tax withheld or wages reported on your Form W-2. If any amount is incorrect or illegible, you should contact your employer and request a corrected statement.*

Do not include the following as Alabama income tax:

- Federal income tax,
- FICA tax (Social Security and Medicare),
- Local, city, or occupational tax, or
- Taxes paid to another state.

In Column A – "Alabama tax withheld," enter the total amount from Schedule W-2, Line 18, Column G.

Line 6

Interest and Dividend Income

Enter your **TOTAL** taxable income from interest and dividends. If the total taxable and nontaxable interest and dividends you received in 2019 is $1,500 or more, you must complete and attach **Schedule B**. Part-year residents enter only the amount of interest and dividend income earned during the period of residency.

The payer should send you a **Form 1099-INT, Form 1099-OID,** or **1099-DIV**, if applicable, showing interest or dividends you must report.

To see what interest and dividends are taxable, read the instructions for Schedule B in this booklet.

Line 7

Other Income

All taxable income you received that is not reported on lines 5 and 6 should be entered on line 7. This includes rents, royalties, gains from sale of property, items not included in "State wages" box on W-2 forms, etc.

See **Examples of Income You DO NOT Report** and **Examples of Income You MUST Report** on page 7 of these instructions for further details on income which should be included on this line.

If you have income from other sources, you must complete page 2, Part I, and attach the appropriate schedule(s).

Line 9

Adjustments to Income

If you made payments to a traditional Individual Retirement Arrangement (IRA) or to a Keogh plan, you may be entitled to claim these payments as an adjustment to income.

Also deductible as an adjustment to income are penalties you incurred for the early withdrawal of interest before maturity.

You can deduct payments of alimony or separate maintenance made under a court decree to the same extent allowed for federal income tax purposes.

Certain legal and medical expenses paid or incurred in the adoption of a minor are deductible as an adjustment to income.

Certain active duty Armed Forces members may deduct certain moving expenses. The new job location must be within the State of Alabama.

Self-employed persons may deduct health insurance premiums to the same extent as allowed for federal purposes.

For more information on the above exclusions, please see the instructions for Part II on page 16.

The total adjustments to income from page 2, Part II, line 14 should be entered on page 1, line 9.

Line 10

Adjusted Gross Income

If the amount on line 10 is less than zero, you may have a net operating loss that you can carry to another tax year. If you carry the loss back to earlier years, you should check the amended return box on your **Form 40** and attach **Form NOL-85** and/or **Form NOL-85A**.

Line 11

Itemized or Standard Deduction

You have the option to either itemize your deductions or you may claim the optional Standard Deduction. You should compute your deduction both ways to determine the option that gives you the larger deduction. If you elect to claim the Standard Deduction on your return and it later becomes necessary to change to itemized deductions, you may do so by filing an amended return.

If married and filing separate returns, both spouses must claim the same deduction unless the spouses have lived apart for the entire year, in which case each spouse may claim either deduction. However, neither spouse may claim a deduction for expenses paid by the other. See the instructions for **Schedule A** for items that may be claimed as an itemized deduction.

Part-year residents of Alabama may claim only the itemized deductions **actually paid** during the period of Alabama residency.

Itemized Deductions. If you elect to itemize your deductions, you should check **box a** on line 11 and complete and attach **Schedule A.**

Standard Deduction. If you elect to claim the Standard Deduction, you **must** check **box b** on line 11 and use the Standard Deduction chart on page 9 to determine your allowable deduction. A dependent or student may take the standard deduction even if claimed as a dependent by someone else.

Line 12

Federal Income Tax Deduction

Use your 2019 federal income tax return and the worksheet on page 9 to determine your federal income tax deduction. If claiming a deduction on line 12, you must attach page 1, 2 and Schedule 1 of your Federal Return, if applicable.

PLEASE NOTE: The Federal line references were correct at the time these forms and instructions were printed. However, there may have been changes to Federal forms after our print deadline and the line numbers referenced for our forms may have changed. If you have questions as to the correct line number on the Federal return, please feel free to call one of our taxpayer service centers listed on page 2.

Joint Federal and Separate Alabama Returns, or Part Year Residents. If a married couple elects to file a joint federal return and separate Alabama returns, the federal income tax liability must be determined by a ratio of each spouse's federal adjusted gross income to total joint federal adjusted gross income, or if filing as a part year resident, the ratio of Alabama adjusted gross income to federal adjusted gross income. This calculation is required regardless of the method used in claiming other deductions.

Line 13

Personal Exemption

Enter the personal exemption from line 1, 2, 3, or 4.

***Note:** Part year residents are allowed the full exemption amount. A dependent or student may take the personal exemption even if claimed as a dependent by someone else.*

Line 14

Dependent Exemption

A "dependent" as defined under Alabama law is an individual **other than the taxpayer and his or her spouse** who received over 50% of his or her support from the taxpayer during the tax year and is also related to the taxpayer in one of the following relationships:

Son	Stepfather
Daughter	Mother-in-law
Stepson	Father-in-law
Stepdaughter	Brother-in-law
Legally adopted child	Sister-in-law
Parent	Son-in-law
Grandparent	Daughter-in-law
Grandchild	If related by blood:
Brother	Uncle
Sister	Aunt
Stepbrother	Nephew
Stepsister	Niece
Stepmother	

***NOTE:** You **cannot** claim a foster child, friend, cousin, yourself, or your spouse as a dependent under Alabama law.*

Birth or Death of Dependent. You can take an exemption for a dependent who was born or who died during 2019 if he or she met the qualifications for a dependent while alive.

Support. You **must** have provided over 50% of the dependent's support in 2019. If you file a joint return, the support can be from you or your spouse. You cannot claim credit on an Alabama return for a dependent if you provided less than 50% of the support under Alabama law as you can under federal law in certain conditions.

In figuring total support, you must include money the dependent used for his or her own support even if this money was not taxable (for example: gifts, savings, welfare benefits). If your child was a student, do not include amounts he or she received as scholarships.

Support includes items such as food, a place to live, clothes, medical and dental care, recreation, and education. In figuring support, use the actual cost of these items. However, the cost of a place to live is figured at its fair rental value.

In figuring support, do not include items such as income taxes, social security taxes, premiums for life in-

Standard Deduction

Married Filing Joint		Married Filing Separate		Head of Family		Single	
AL Adjusted Gross Income *(AL Line 10)*	**Standard Deduction**	**AL Adjusted Gross Income** *(AL Line 10)*	**Standard Deduction**	**AL Adjusted Gross Income** *(AL Line 10)*	**Standard Deduction**	**AL Adjusted Gross Income** *(AL Line 10)*	**Standard Deduction**
$ 0 – $23,499	$7,500	$ 0 – $10,749	$3,750	$ 0 – $23,499	$4,700	$ 0 – $23,499	$2,500
$23,500 – $23,999	$7,325	$10,750 – $10,999	$3,662	$23,500 – $23,999	$4,565	$23,500 – $23,999	$2,475
$24,000 – $24,499	$7,150	$11,000 – $11,249	$3,574	$24,000 – $24,499	$4,430	$24,000 – $24,499	$2,450
$24,500 – $24,999	$6,975	$11,250 – $11,499	$3,486	$24,500 – $24,999	$4,295	$24,500 – $24,999	$2,425
$25,000 – $25,499	$6,800	$11,500 – $11,749	$3,398	$25,000 – $25,499	$4,160	$25,000 – $25,499	$2,400
$25,500 – $25,999	$6,625	$11,750 – $11,999	$3,310	$25,500 – $25,999	$4,025	$25,500 – $25,999	$2,375
$26,000 – $26,499	$6,450	$12,000 – $12,249	$3,222	$26,000 – $26,499	$3,890	$26,000 – $26,499	$2,350
$26,500 – $26,999	$6,275	$12,250 – $12,499	$3,134	$26,500 – $26,999	$3,755	$26,500 – $26,999	$2,325
$27,000 – $27,499	$6,100	$12,500 – $12,749	$3,046	$27,000 – $27,499	$3,620	$27,000 – $27,499	$2,300
$27,500 – $27,999	$5,925	$12,750 – $12,999	$2,958	$27,500 – $27,999	$3,485	$27,500 – $27,999	$2,275
$28,000 – $28,499	$5,750	$13,000 – $13,249	$2,870	$28,000 – $28,499	$3,350	$28,000 – $28,499	$2,250
$28,500 – $28,999	$5,575	$13,250 – $13,499	$2,782	$28,500 – $28,999	$3,215	$28,500 – $28,999	$2,225
$29,000 – $29,499	$5,400	$13,500 – $13,749	$2,694	$29,000 – $29,499	$3,080	$29,000 – $29,499	$2,200
$29,500 – $29,999	$5,225	$13,750 – $13,999	$2,606	$29,500 – $29,999	$2,945	$29,500 – $29,999	$2,175
$30,000 – $30,499	$5,050	$14,000 – $14,249	$2,518	$30,000 – $30,499	$2,810	$30,000 – $30,499	$2,150
$30,500 – $30,999	$4,875	$14,250 – $14,499	$2,430	$30,500 – $30,999	$2,675	$30,500 – $30,999	$2,125
$31,000 – $31,499	$4,700	$14,500 – $14,749	$2,342	$31,000 – $31,499	$2,540	$31,000 – $31,499	$2,100
$31,500 – $31,999	$4,525	$14,750 – $14,999	$2,254	$31,500 – $31,999	$2,405	$31,500 – $31,999	$2,075
$32,000 – $32,499	$4,350	$15,000 – $15,249	$2,166	$32,000 – $32,499	$2,270	$32,000 – $32,499	$2,050
$32,500 – $32,999	$4,175	$15,250 – $15,499	$2,078	$32,500 – $32,999	$2,135	$32,500 – $32,999	$2,025
$33,000 and over	$4,000	$15,500 and over	$2,000	$33,000 and over	$2,000	$33,000 and over	$2,000

Federal Income Tax Deduction Worksheet

1	Enter the tax as shown on line 14 on Form 1040/Form 1040-SR, line 53 on Form 1040NR, or line 15 of Form 1040NR-EZ	**1**	
2	Net Investment Income Tax. Enter amount from line 17, Form 8960	**2**	
3	Federal Tax. Add lines 1 and 2	**3**	
4 a	**Earned Income Credit (EIC).** Enter the amount from line 18a of Form 1040/Form 1040-SR	**4a**	
b	**Additional Child Tax Credit.** Enter the amount from line 18b of Form 1040/ Form 1040-SR, or line 64 of Form 1040NR	**4b**	
c	**American Opportunity Credit.** Enter the amount from line 18c of Form 1040/Form 1040-SR	**4c**	
d	**Credits from Forms 2439.** Enter the amount from Schedule 3, line 13 of Form 1040/ Form 1040-SR if 13a is checked, or line 69 of Form1040NR if 69a is checked	**4d**	
5	Add lines 4a, b, c and d	**5**	
6	Subtract line 5 from line 3 and enter amount on line 12 of Form 40, line 9 of Form 40A or page 2, Part IV, line 4 of Form 40NR. **If amount is negative enter zero**	**6**	

Alabama Use Tax Worksheet

Report 2019 purchases for use in Alabama from out-of-state sellers on which tax was not collected by the seller.

	Column A Total Purchase Price	Column B Tax Rate	Column C Tax Due – (Multiply Col. A by Col. B)
1. All purchases EXCEPT automotive vehicles and farm machinery		.04	
2. ATVs, off-road motorcycles, riding lawnmowers, self-propelled construction equipment and other automotive vehicles that are not titled or registered by the county licensing official		.02	
3. Farm machinery or equipment and replacement parts thereof		.015	
4. TOTAL TAX DUE (Total of Column C). Carry this amount to Form 40 Line 19			

surance, or funeral expenses.

If you qualify to claim your child and/or other individuals as your dependent, you must complete on page 2 Part III. The amount entered on page 2, Part III, line 2, should be entered on page 1, line 14.

Use the following chart to determine the per-dependent exemption amount.

Amount on Page 1, Line 10	Dependent Exemption
0 - 20,000	1,000
20,001 - 100,000	500
Over 100,000	300

Line 17

Figuring Your Tax

You must figure your tax from the **Tax Tables** unless you are claiming a carryover or carryback Net Operating Loss from another year.

Indicate the method you are using by checking the appropriate box. If you are claiming a Net Operating Loss from another year, you must complete and attach **Form NOL-85A**.

Line 18

Net Tax Due Alabama

If you are using tax credits to reduce your tax you must use Schedule NTC to compute your net tax due. You must check the box to indicate you are using Schedule NTC to compute your net tax due. If you do not have any tax credits, then enter the amount from line 17.

Credits

Individual taxpayers must apply through My Alabama Taxes (MAT) at www.myalabamataxes.alabama.gov and receive approval before claiming certain credits on their individual income tax return. Once logged into MAT, a taxpayer will need to select "Individual Income Tax" as their account type, then select "Submit a Credit Claim" from the "I Want To" menu on the right margin of the page and follow a short series of instructions/steps to claim a credit. Any supporting documentation for the credit claim is required to be attached in MAT. Taxpayers needing assistance with reserving a tax credit may call (334) 353-9770 or (334) 353-0602.

Credit for Taxes Paid to Another State. You must complete Schedule CR and you must attach a copy of other state's return or W-2G's if the taxing state does not allow a return to be filed for gambling winnings.

The credit is provided to prevent the double taxation of income and is only available to legal residents of Alabama filing Form 40 who have income from sources outside of Alabama that is being taxed by Alabama and another state (or territory of the United States) in the same tax year. Residents of Alabama for only a part of the tax year can claim this credit only if the returns filed with Alabama and the other state cover the same periods.

If the state for which you are claiming a credit allows for credits instead of personal exemptions, call (334) 242-1170 for further information in converting this credit for Alabama purposes.

No credit is allowable when the income from sources outside of Alabama is totally offset by a corresponding deduction. However, income from sources outside of Alabama that is reported on the return and not totally offset by a corresponding deduction may result in a credit. In such cases the credit is limited to the lesser of the tax actually due to the other state or territory or the amount that would be due on the same income computed at the income tax rate in Alabama. An example of this situation is shown in the booklet in the instructions for Schedule CR on page 22. The Schedule CR calculation should not be used by a taxpayer who paid income tax to a foreign country. Taxpayers who paid taxes to a foreign country should use Part H of Schedule OC. Please see rule 810-3-21-.03 for calculation of credit when tax was paid to a foreign country.

For further information for Schedule CR see page 22.

Schedule OC. Schedule OC must be completed if you are claiming a Basic Skills Education Credit, Rural Physician Credit, Coal Credit, Alabama Enterprise Zone Credit, Full Employment Act of 2011 Credit, Veterans Employment Act of 2012 (employee credit), Veterans Employment Act of 2012 (business start-up expense credit), Credit for Taxes Paid to a Foreign Country and Neighborhood Infrastructure Incentive Plan Credit.

Basic Skills Education Credit is available to employers who provide basic skills education programs approved by the Alabama Department of Education to its employees.

Rural Physician Credit is available to licensed physicians who practice and reside in a small or rural Alabama community of less than 25,000 residents with admission privileges to a small or rural hospital having an emergency room. This credit is limited to 5 years.

Coal Credit is available for corporations producing coal mined in Alabama. See *Code of Alabama 1975*, §40-18-220. **MAT approval is required to claim this credit.**

Alabama Enterprise Zone Act Credit. To stimulate business and industrial growth in depressed areas of the state, Alabama offers certain tax incentives to corporations, partnerships, and proprietorships which locate or expand within a designated enterprise zone. These tax credit incentives were enacted by Act No. 87-573 of the Alabama Legislature and signed into law on July 22, 1987 as the "Alabama Enterprise Zone Act."

In order to qualify for the tax credits, a business **must be located within a designated zone** as approved by the Alabama Department of Economic and Community Affairs.

If a credit is earned by a partnership or S corporation, the credit will be distributed to each partner or shareholder based on the percentage of ownership. The partnership or S corporation should advise each partner or shareholder of the amount of his/her income subject to this credit.

For further information regarding the "Alabama Enterprise Zone Act" and the necessary forms to claim this credit, you should contact:

Alabama Department of Economic and Community Affairs
Development Division
401 Adams Avenue
P. O. Box 5690
Montgomery, AL 36103-5690
Phone (334) 242-8672

or

Alabama Department of Revenue
P.O. Box 327410
Montgomery, AL 36132-7410
Phone (334) 242-1170

Capital Credit is allowable to investing companies and their recipients involved in a project undertaken by certain new businesses to be located in the state and certain expansions of certain existing businesses. This capital credit was enacted by Act 95-187 of the Alabama Legislature and signed into law on June 15, 1997 as the **"Capital Credit."**

Full Employment Act of 2011 Credit. This credit is allowable to small business that creates new jobs paying more than ten dollars ($10) per hour. A small business is defined as a business existing on January 1, 2011 that employs 50 or fewer employees. The credit shall equal $1,000 dollars for each qualifying new full time employee. The credit is available in the tax year during which the employee has completed 12 months of consecutive employment. The employer must have a net increase in the total number of full time employees in Alabama on the last date of each tax year during which employees are hired for which the employer claims a credit, over the number employed in Alabama as of the last day of the preceding tax year. **MAT approval is required to claim this credit.** If the credit you are claiming is from a Partnership or S Corporation, do not submit the credit claim through MAT. The credit claim will be submitted by the Partnership or S Corporation.

Veterans Employment Act (formerly Heroes For Hire Credit) of 2012 Employee Credit. This credit is available to a business that meets the requirements of either the Full Employment Act of 2011 or the Alabama Small Business Jobs Act that hires resident unemployed veterans or combat veterans for a full-time position paying at a minimum $14 per hour. The credit is $2000 per qualifying hire and is available in the tax year during which the employee has completed 12 months of consecutive employment. An employer cannot take this credit for any employee who claims a start-up expense credit for themselves allowed under the Veterans Employment Act (formerly Heroes For Hire Credit) Business Start-up Expense Credit. **MAT approval is required to claim this credit.** If the credit you are claiming is from a Partnership or S Corporation, do not submit the credit claim through MAT. The credit claim will be submitted by the Partnership or S Corporation.

Veterans Employment Act (formerly Heroes For Hire Credit) of 2012 Business Start-up Expense Credit. This credit is available to recently deployed and now discharged unemployed veterans who start their own business. To qualify the business must have a start date after April 2, 2012. The credit is nonrefundable and can be applied against the income tax liability in an amount up to $2000. The recently deployed unemployed veteran must hold at least a 50 percent ownership interest in the business, which must be located in Alabama and show a net profit of at least $3,000 for the year in which the credit is taken. The recently deployed unemployed veteran is not allowed to claim this credit for themselves if an employer has claimed a hire credit for him or her under the Veterans Employment Act (formerly Heroes For Hire Credit) shown above. **MAT approval is required to claim this credit.** If the credit you are claiming is from a Partnership or S Corporation, do not submit the credit claim through MAT. The credit claim will be submitted by the Partnership or S Corporation.

Irrigation System/Reservoir System Credit. This credit is available to any agricultural trade or business described in the 2007 North American Industry Classification System, Sector 11. This credit is used to offset costs associated with the purchase and installation of any qualified irrigation equipment and any conversion costs related to the conversion of irrigation equipment from fuel to electricity or the cost of constructing a qualified reservoir. Taxpayers can either take a credit for an irrigation system or a reservoir but not both. This credit is taken in the year the system is placed in service. The

credit shall not exceed the taxpayers liability computed without regard to the credit. Any remaining credit not utilized in the year placed in service may be carried forward for up to 5 years. For tax years 2012-2017, there is a one-time, one-purchase credit equal to 20 percent of the costs not to exceed $10,000. For tax years 2018-2022, there is a one-time, one-purchase credit equal to 20 percent of the costs not to exceed $10,000 or 10 percent of the costs not to exceed $50,000, whichever is greater. Qualified irrigation equipment is any equipment used by an agricultural trade or business in irrigation systems, including but not limited to equipment used to construct irrigation systems and water wells. A qualified reservoir is an off-stream upland reservoir used as a source of water for irrigation by an agricultural trade or business. **MAT approval is required to claim this credit.** If the credit you are claiming is from a Partnership or S Corporation, do not submit the credit claim through MAT. The credit claim will be submitted by the Partnership or S Corporation.

Credit for Taxes Paid to a Foreign Country. This credit is only allowed to resident individual owners of Subchapter K entities, Alabama S corporations, and resident beneficiaries of an estate or trust on their proportionate share of the entity's tax paid or accrued on foreign income. This credit does not apply to wages or any other type income earned in a foreign country. The amount of the credit allowable is 50 percent of the taxpayer's proportionate share of the income taxes paid or accrued to a foreign country by the entity or the tax using Alabama tax rates on the taxpayer's proportionate share of the entity's income derived from the foreign country whichever is less.

Neighborhood Infrastructure Incentive Plan Credit. This credit is available to homeowners and business owners who form a neighborhood infrastructure authority in existing neighborhoods to manage and finance local projects. The credit is equal to 10 percent of the amount of assessment paid not to exceed $1,000 in any tax year for a period not exceeding 10 successive years. Do not include condominium, homeowner, or neighborhood homeowner association fees. These do not qualify as a "Neighborhood Infrastructure Incentive Plan Credit." **MAT approval is required to claim this credit.**

Schedule AATC. Schedule AATC must be completed if you are claiming the Credit for Transferring from Failing Public School to Nonfailing Public School or Non Public School and/or Credit for Contributing to Scholarship Granting Organization.

Credit for Transferring from Failing Public School to Nonfailing Public School or Non Public School. This credit is available to taxpayers who transfer their child from a failing public school to a nonfailing public school or nonpublic school. The amount of the credit is the lesser of 80 percent of the average annual state cost attendance for a public K-12 student during the applicable tax year or the actual cost of attending a nonfailing public school or nonpublic school. For more information go to www.revenue.alabama.gov.

Adoption Credit. Taxpayers that reside in Alabama can take a tax credit of $1,000 for a private adoption or the adoption of a qualified foster child. You must attach a completed Schedule AAC to claim the credit. To qualify for an adoption through a private agency the adoptive parent(s) must reside in Alabama. To qualify for an adoption of a foster child the foster child must be in the permanent legal custody of the Alabama Department of Human Resources.

Credit for Contributing to Scholarship Granting Organization. This credit is available to taxpayers who make a contribution to an approved scholarship granting organization. The credit is the amount contributed to the scholarship granting organization for educational scholarships during the taxable year for which the credit is claimed up to 50 percent of the tax liability of the taxpayer not to exceed $50,000 per taxpayer or married couple filing jointly. For more information go to www.revenue.alabama.gov.

Alabama Use Tax Table for General Internet and Catalog Purchases

Purchases Subject to Use Tax			Purchases Subject to Use Tax		
At least	But less than	Use Tax Due	At least	But less than	Use Tax Due
0	50	1	1,250	1,300	51
50	100	3	1,300	1,350	53
100	150	5	1,350	1,400	55
150	200	7	1,400	1,450	57
200	250	9	1,450	1,500	59
250	300	11	1,500	1,550	61
300	350	13	1,550	1,600	63
350	400	15	1,600	1,650	65
400	450	17	1,650	1,700	67
450	500	19	1,700	1,750	69
500	550	21	1,750	1,800	71
550	600	23	1,800	1,850	73
600	650	25	1,850	1,900	75
650	700	27	1,900	1,950	77
700	750	29	1,950	2,000	79
750	800	31	2,000	2,050	81
800	850	33	2,050	2,100	83
850	900	35	2,100	2,150	85
900	950	37	2,150	2,200	87
950	1,000	39	2,200	2,250	89
1,000	1,050	41	2,250	2,300	91
1,050	1,100	43	2,300	2,350	93
1,100	1,150	45	2,350	2,400	95
1,150	1,200	47	2,400	2,450	97
1,200	1,250	49	2,450	2,500	99

If purchases are over $2,499 use the Alabama Use Tax Worksheet on page 9

Line 19

Consumer Use Tax

Review the purchases you made during 2019. If you purchased items for use in Alabama from out-of-state sellers who did not charge sales or use tax, you owe consumers use tax on the items. If you made no purchases from out-of-state sellers, enter 0 (zero) on line 19 and check the box.

Use tax is the counterpart of the sales tax. State use tax is imposed at the same rate and on the same type of transactions as sales tax and is due from the consumer when the sales tax is not collected. When you purchase merchandise from a retail store or other business establishment in Alabama, the seller is required to collect sales tax on the purchase. When you purchase merchandise from a business located outside of Alabama the seller might collect use tax on the purchase. However, not all out-of-state businesses are registered and required to collect Alabama tax. As the consumer, you are responsible for ensuring that sales or use tax is paid on your purchases. When you purchase merchandise for storage, use or consumption in Alabama and the retail seller does not collect tax on the purchase, you must report and pay consumer use tax on the purchase price. Usually, these purchases are made from catalogs, over the internet, or by telephone and include items such as:

- Clothing
- Books
- Computers
- Computer Software
- Furniture
- Magazine Subscriptions
- Sporting Goods
- Jewelry
- Electronic Equipment
- CDs, DVDs, Audio & Video Cassettes
- Photographic Equipment
- Musical Equipment
- Automotive Accessories and Parts
- ATVs
- Lawn and Garden Equipment

Applicable State Use Tax Rates

The general use tax rate of 4% applies to all purchases of merchandise, except where a different rate of tax is expressly provided.

The automotive use tax rate of 2% applies to purchases of automotive vehicles. Where any used vehicle is traded-in on the purchase of a new or used vehicle, the tax is due on the trade difference, that is, the price of the new or used vehicle purchased less the credit for the used vehicle taken in trade. The county licensing official will collect the tax due on purchases of automotive vehicles that are required to be titled or registered including purchases of automobiles, trucks, trailers, mobile homes, and motor boats. Do not include purchases of vehicles that are titled or registered in the calculation on the work-

sheet on page 9. **You must report and pay the use tax due on other purchases of automotive vehicles including ATVs, off-road motorcycles, riding lawnmowers, self-propelled construction equipment, and other self-propelled instruments of conveyance.**

The agriculture use tax rate of 1.5% applies to purchases of machinery or equipment used in connection with the production of agricultural products, livestock, or poultry on farms and the replacement parts for such machinery or equipment. Where any used farm machinery or equipment is traded-in on the purchase of new or used farm machinery or equipment, the tax is due on the trade difference, that is, the price of the new or used machinery or equipment less the credit for the used machinery or equipment taken in trade.

Local Use Tax: City and County use tax may also be due and should be reported and paid to the appropriate local tax authority. For information about reporting local use tax please see the department's web page at www.revenue.alabama.gov.

You can use either the Alabama Use Tax Table on page 11 or the worksheet on page 9 if you only have Internet or catalog purchases that do not include automotive vehicles, farm machinery, or farm machinery replacement parts; otherwise use the worksheet on page 9 to compute Alabama Use Tax. For more information regarding consumers use tax call (334) 242-1490.

Line 20

Alabama Election Campaign Fund

If you wish to make a voluntary contribution to Alabama's Democratic Party or Republican Party indicate the amount and party by checking the proper box(es) on lines 20a or 20b.

Each individual may contribute $1 to either party. If a joint return is filed, each spouse may contribute $1 to either party. If you make a voluntary contribution to this fund it **WILL INCREASE** your tax by the amount of the contribution.

The total amount entered on line 20a or 20b cannot exceed $2 for a married couple filing a joint return or $1 for all other filers.

Line 22

Alabama Income Tax Withheld

Enter the total Alabama income tax withheld as shown on line 5A.

Line 23

2019 Estimated Tax Payments/ Automatic Extension Payment

Enter on this line any payments you made on your estimated Alabama income tax (Form 40ES) for 2019 or automatic extension (Form 40V).

CAUTION — DO NOT INCLUDE:

- The amount shown on line 29 of your 2018 Form 40. This is the balance you owed for the tax year 2018, and cannot be claimed as paid on your 2019 estimated tax even though you paid it in 2019.
- Any overpayment from 2018 that was refunded to you.

If you and your spouse paid joint estimated tax but are now filing separate Alabama income tax returns, either of you may claim all of the amount paid, or you can each claim a part of it. Please be sure to show both social security numbers on the separate returns. If you and your spouse paid separate estimated tax but are now filing a joint income tax return, add the amounts you each paid.

These instructions also apply if your spouse died during the year.

Name Change. If you changed your name because of marriage, divorce, etc., and you made estimated tax payments using your former name, attach a statement to Form 40 explaining all the payments you and your spouse made in 2019 and the name(s) and social security number(s) under which you made the payments.

Caution: *It is very important that the social security numbers be the same on your current return, your last year's return, and all of your estimate vouchers. The Department will be unable to allow you proper credit for your payments unless the numbers are the same. If the Department is unable to verify the amount claimed, you may be requested to submit copies of all your canceled checks substantiating the amount claimed. This will cause considerable delay in processing your return.*

Line 24

Previous Payments

This line is for amended returns only. Enter the amount of your previous payment made with your original return and/or billing notices and amended return(s).

Line 25

Refundable Credit

This line is only for the refundable portion of Alabama Accountability Act, Adoption Credit, or Historic Tax Rehabilitation Act of 2017 Credit. Enter the amount from Schedule RC, line 4.

Line 27

Previous Refund

This line is for amended returns only. Enter the amount of your previous refund **received** from your original return and amended return(s).

Line 29

Amount You Owe (If line 21 is larger than line 28)

Subtract line 28 from line 21, and enter the amount on line 29 – this is the amount you owe the State of Alabama. It must be paid using Form 40V.

Pay the full amount by **check or money order** payable to the "Alabama Department of Revenue." On your payment write your social security number, your daytime telephone number, and "2019 Form 40," and remit your payment with Form 40V.

Credit Card: You can also pay your taxes due by credit card online at **https://www.officialpayments.com** or by phone at 1-800-272-9829. Enter Jurisdiction Code 1100. You can also pay your taxes by credit card online by visiting Value Payment Systems at **www.paystatetax.com/al**. Discover/NOVUS®, MasterCard®, Visa® and American Express® cards are currently being accepted. There is a convenience fee for this service. This fee is paid directly to the company you use based on the amount of your tax payment.

How do I pay by ACH Debit (E-Check)?

You may pay by ACH Debit by going to **www.myalabamataxes.alabama.gov**. Do not use Form 40V when paying by ACH Debit. You will need to have your bank routing number and checking account number to use this service. No fee is charged for this service.

If payment for the full amount of tax due is not paid by the due date of the return, you will be charged interest and will be subject to penalties. See **Penalties and Interest** on page 17. More importantly, if you submit your return **without payment**, a final assessment may be entered by the Department. A final assessment which is not appealed is as conclusive as a judgment of a circuit court. The Department may then proceed with collection by issuance of legal processes including recording of **tax liens, garnishment of wages or bank accounts, levy, or a writ of seizure** directed to the county sheriff as provided by Sections 40-1-2, 40-2-11(16), and 40-29-23, *Code of Alabama 1975*.

Line 30

Estimated Tax Penalty

If the amount you owe (line 29) exceeds $500.00, you may be subject to an estimate or underestimation penalty. See the Underpayment Penalty Section on page 17 of this booklet. You may need to complete Form 2210AL. See page 32, "How to Obtain Forms."

Line 31

Overpayment (If line 28 is larger than line 21)

Subtract line 21 from line 28, and enter the amount on line 31 – this is the amount you overpaid.

NOTE: *The Alabama Department of Revenue will issue you a Form 1099-G for the overpayment amount.*

If you elect to itemize deductions on your 2019 Federal return and claim a deduction for Alabama Income Tax paid in 2019, the amount shown on line 32 should be reported as income on your 2020 Federal return.

Line 32

Applied to 2020 Estimated Tax

You may elect to credit all or part of the overpayment shown on line 31 to your 2020 estimated tax. (Place amount on line 32.)

Once an election is made to apply this overpayment to your 2020 estimated tax, it cannot later be refunded to you or applied to pay additional tax for 2019. The amount entered on this line can only be claimed as a credit on your 2020 Alabama return.

Line 33

Donation of Refunds

Enter amount from Schedule DC, line 2. (See page 22.)

You may elect to donate all or part of your overpayment, as shown on page 1, line 31, to one or more of the funds as provided by the Alabama Legislature. The amounts entered on these lines will be paid to the programs you indicate. Any amount you contribute may be claimed as an itemized deduction when you file your 2020 Alabama Income Tax Return. (***Caution:*** *When reporting your refund on your 2020 Federal return, you should report the amount of overpayment shown on line* 31.)

***NOTE:** Amounts contributed to these funds **WILL REDUCE** your refund. Also, once an election is made to contribute to these funds, that election is irrevocable and cannot later be refunded. If your return is corrected by the Department, the amount contributed cannot be used to pay any additional tax due.*

Line 34

Refunded to You

Subtract the amounts on lines 32 and 33 from the amount on line 31. You should receive a refund for the overpayment. If you file an early, accurate return, we will be able to process your refund more quickly. See **"When Should I Expect My Refund?"** and **"Common Mistakes That Delay Refunds"** on page 4 of this booklet for further information about your refund.

Sign Your Return

Form 40 is not considered a return unless you sign it. Please sign in black ink only. Your spouse must also sign if it is a joint return. If you are filing a joint return with your deceased spouse, see Death of Taxpayer on page 18.

Did You Have Someone Else Prepare Your Return? If you fill in your own return, the **Paid Preparer's Use Only** area should remain blank. Someone who prepares your return but does not charge you should not sign.

Generally, anyone who is paid to prepare your tax return must sign your return and fill in the other blanks in the **Paid Preparer's Use Only** area of the return. If you have questions about whether a preparer is required to sign a return, please contact an Alabama Taxpayer Service Center.

*The preparer required to sign your return **MUST:***

- *Sign in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)*
- *Give you a copy of your return for your records in addition to the copy to be filed with the Alabama Department of Revenue.*

BEFORE signing and mailing your return you should review it to make sure the preparer has entered the correct name(s), address, and social security number(s) in the spaces provided and reported all of your income. **REMEMBER, you are responsible for the information on your return even if you pay someone else to prepare it**.

Please enter your daytime phone number. This will enable us to contact you and help speed your refund if there are any problems with processing your return.

If you want the Department to contact your tax preparer instead, please give permission to do so by checking the box above the signature line.

Where To File

Your envelope should be addressed in accordance with one of the following examples:

If you are receiving a refund (Form 40, line 34), mail your return to:

Alabama Department of Revenue
P.O. Box 154
Montgomery, AL 36135-0001

If you are making a payment (Form 40, line 29), mail your return, Form 40V and payment to:

Alabama Department of Revenue
P.O. Box 2401
Montgomery, AL 36140-0001

If you are not receiving a refund or making a payment, mail your return to:

Alabama Department of Revenue
P.O. Box 327469
Montgomery, AL 36132-7469

Current year Form 40 returns should be mailed to one of the above addresses. Prior year Form 40 returns, amended returns, and any correspondence pertaining to a previously filed return should be mailed to:

Alabama Department of Revenue
Individual & Corporate Tax Division
P.O. Box 327464
Montgomery, AL 36132-7464

Page 2, Part I

Other Income

Line 1

Alimony Received

Enter the amounts you received as alimony or separate maintenance. Amounts you received in 2019 are taxable to the same extent as for federal purposes.

If you received payments under a divorce or separation instrument after 1984, see the instructions for Part II, line 4 for information in determining whether these payments qualify as alimony.

Transfers of Property Between Spouses or Former Spouses. In general, no gain or loss will be recognized on a transfer of property between spouses or former spouses. Please refer to Federal Law for more details.

WORKSHEET – Partially Taxable Pensions, Annuities, and IRA Distributions.

Use Worksheet to report IRA distributions, other distributions, and pension and annuity income which are not fully taxable. If a distribution is fully taxable, it is not necessary to complete this worksheet

Not Fully Taxable Pensions, Annuities, and IRA Distributions (Include SEP, Keogh, 401(k)(2), and 403(b) Distributions)

A – IRA, SEP, Keogh, 401(k)(2), or 403(b) Distributions you received in 2019 which included nondeductible contributions.						
1	Enter the **Total Value (including withdrawals)** of your account at the end of the taxable year			1		00
2	**Nondeductible Contributions** *(see instructions)*. Enter the total of all amounts you contributed that did not qualify as an adjustment to income	2	00			
3	Enter the total of all amounts you have withdrawn and excluded from income in a previous year's Alabama return	3	00			
4	Balance of **Nondeductible Contributions.** Subtract line 3 from line 2			4		00
5	**2019 Withdrawals.** Enter the amount you withdrew during the 2019 taxable year			5		00
6	**Exclusion Ratio.** Divide the amount on line 4 by the amount on line 1			6		%
7	**Amount of Exclusion.** Multiply the amount on line 5 by the percentage on line 6. Enter the result here, but **DO NOT** enter more than the amount on line 4			7		00
8	**Amount Taxable.** Subtract the amount on line 7 from the amount on line 5. If an IRA Distribution, enter result here and on Form 40, page 2, Part I, line 4b. If other than an IRA Distribution, enter the result on line 5b ▶			8		00
B – Pensions, annuities, etc., you first began receiving after December 31, 1986 in which you had a cost basis.						
9	Enter the total amount received this year	9	00			
10	**Amount Taxable.** Use **Federal Simplified General Rule** or **Federal General Rule** *(see page 15 of instructions)* ▶			10		00
C – Pensions, annuities, etc., you first began receiving prior to January 1, 1987 in which you have not recovered your cost.						
11	Enter amount received this year	11	00			
12	Enter the amount of your unrecovered cost	12	00			
13	**Amount Taxable.** Subtract line 12 from line 11 ▶			13		00
14	**TOTAL AMOUNT TAXABLE.** Add the amounts on lines 10 and 13. If an IRA Distribution, enter the total here and on Form 40, page 2, Part I, line 4b. If other than an IRA distribution, enter on line 5b ▶			14		00

Line 2

Business Income or (Loss)

If you conducted a business or practiced a profession during the taxable year, you must complete and attach a copy of Federal Schedule C or C-EZ to your Alabama return.

Generally, you may deduct the ordinary and necessary expenses of doing business — the cost of merchandise, salaries, interest, taxes, rent, repairs, and incidental supplies. In the case of capital investments and improvements in depreciable property such as buildings, machines, and similar items having a useful life of more than one year, Alabama law provides for a "reasonable allowance" for depreciation over the useful life of the property.

If some of your expenses are part business and part personal, you can deduct **ONLY** the business portion.

Adjustments to Federal Schedules C and F. Alabama law differs from federal law in the treatment of some of the expenses shown on Federal Schedules C and F, and certain items may need adjusting for Alabama purposes. The expenses which may need adjusting are:

- **Percentage Depletion Gas and Oil.** In the case of oil and gas wells, the allowance for depletion shall be 12 percent of the gross income from the property during the taxable year, excluding from such gross income an amount equal to any rents or royalties paid or incurred by the taxpayer in respect to the property. Such amounts shall not exceed 50 percent of the net income of the taxpayer, computed without allowance for depletion, from the property, except that in no case shall the depletion allowance be less than the amount allowable under federal income tax law.
- **Cost Depletion Natural Resources Other than Gas and Oil.** Alabama law has no provision for percentage depletion of natural resources other than gas and oil, as currently allowed under federal law. For Alabama purposes, the depletion allowance shall be computed using the cost depletion method.
- **Depreciation.** Alabama law allows IRC Section 179 Expense for all taxable years beginning after December 31, 1989. Adjustments may be necessary if assets were acquired and placed in service prior to tax years beginning before January 1, 1990.
- **Targeted "Jobs Credit."** You may have been allowed to take a portion of your payroll expense as a "Targeted Jobs Credit" on your federal return. This is an allowable expense for Alabama income tax purposes.
- **Passive Activity Losses.** Alabama law has no provision, similar to current federal law, which limits the deduction of passive trade or business activity losses.
- **Office and Home Expense.** Alabama Law has no provision similar to current Federal Law which limits the amount of otherwise deductible office and home expense.

If you have adjustments involving any of the previously described expenses, attach an explanation and show the adjustment as "Other Expenses" on Federal Schedule C or F.

The net profit or (loss) from business, as shown on Federal Schedule C-EZ or C after above adjustments (if applicable), should be entered on Part I, line 2.

Line 3

Gain or (Loss) from Sale of Real Estate, Stocks, Bonds, Etc.

If you sold real estate, stocks, bonds or other capital assets, use Schedule D to report the net gain (or loss). Schedule D is also used to report the net gain (or loss) from involuntary conversion of capital assets that are NOT held in connection with a trade or business, or a transaction entered into for profit.

If you sold your personal residence, any gain realized is taxable to the same extent as reported on your federal return. ***NOTE:*** *A loss on the sale of a personal residence is NOT deductible.*

For additional information, see the instructions for Schedule D on page 23.

Lines 4a and 4b

IRA Distributions ROTH and Educational IRAs

Use lines 4a and 4b to report IRA distributions you received. This includes regular distributions, early distributions, rollovers, Roth conversions, and any other money or property you received from your IRA account or annuity. Generally, you will receive a Form 1099-R showing the "gross amount" and "taxable amount" of your distribution.

If your distribution is fully taxable, enter it on line 4b; no entry is required on line 4a. If only part of the distribution is taxable, enter the "taxable amount" on line 4b. You MAY need to complete the worksheet on page 13 to determine the amount taxable. If the "taxable amount" listed on your Form 1099-R is correct for Alabama purposes as for Federal purposes then you will NOT need to complete the worksheet. If the "taxable amount" listed on your Form 1099-R is NOT the same for Alabama purposes as for Federal purposes because you have a different cost basis, then you will need to complete the worksheet on page 13 to calculate the amount taxable for Alabama purposes.

IF THE IRA DISTRIBUTION IS ROLLED OVER, enter the total amount received on line 4a and the taxable portion, if any, on line 4b. Attach a statement to your return with complete information about the IRA, your cost in the plan, and the type of retirement account in which the distributed funds were invested.

Beginning in 1998, ROTH and EDUCATIONAL IRAs were recognized by the Alabama Department of Revenue. The same restrictions and limitations provided by the IRS apply when completing your Alabama return. However, be sure to use Alabama Adjusted Gross Income when computing your limitations.

WHEN CONVERTING FROM A TRADITIONAL IRA TO A ROTH IRA, the taxable portion of the distribution (to be reported on Line 4b) is the amount that you would have to include in income if you had not converted or rolled over the traditional IRA into a Roth IRA. The taxable portion should not include any part of a withdrawal from a traditional IRA that is a return of your basis.

CAUTION: *If you have to complete the worksheet on page 13 to calculate partially taxable distributions from IRA withdrawals any "taxable amount" from the worksheet must be added to the taxable amount from any Roth conversion, or the taxable amount of any other IRA rollovers or distributions. The "grand total" of all taxable amounts from IRA distributions, rollovers, conversions, etc. should be included on Form 40, Page 2, Part I, Line 4b.*

Rollover Distributions

A "rollover" is a tax-free transfer of cash or other assets from one retirement program to another. There are two kinds of rollovers to an individual retirement arrangement (IRA): (1) a rollover from one IRA to another, and (2) a rollover from a qualified employer's plan to an IRA.

If you received a lump sum distribution from an Employee Benefit Plan, it should be included in gross income in the year received. There is no provision in Alabama law for forward averaging of such distributions.

If the lump sum distribution qualifies for the rollover provision of the Internal Revenue Code, it may also qualify for the rollover provision of the Alabama Income Tax Code as provided in Alabama Income Tax Regulation 810-3-25-.05(4) reprinted below:

Regulation 810-3-25-.05(4) — [Distributions from a trust that are not included in gross income of the individual for federal purposes due to the "rollover provisions" of Internal Revenue Code Sections 402, 403, 408, and 409 are excluded from Alabama gross income of the individual. These are:

(a) qualified stock bonus, pensions, or profit sharing plans as described in Internal Revenue Code Section 401(a), and which are exempt under Internal Revenue Code Section 501(a), and meet the rollover requirements of Internal Revenue Code Section 402,

(b) employee's annuities which meet the requirements of Internal Revenue Code Section 404(a)(2), and the rollover requirements of Internal Revenue Code Section 403,

(c) individual retirement accounts that qualify under and meet the rollover provisions of Internal Revenue Code Section 408, and

(d) retirement bonds that qualify under Internal Revenue Code Section 409 or Internal Revenue Code Section 219 and meet the "rollover provisions" of Internal Revenue Code Section 409.]

If the lump sum distribution qualifies and is rolled over, enter the total amount received and the taxable portion, if any, in the spaces provided on Form 40, Part I, lines 4a and 4b. A statement should also be attached to your return giving complete information about the retirement fund rolled over, your cost in the plan, and the type of retirement account in which the distributed funds were reinvested.

Lines 5a and 5b

Pensions and Annuities

Use lines 5a and 5b to report pension and annuity income you received. Also, use these lines to report distributions from SEP, Keogh, 401(k)(2), 403(b), and profit sharing plans. Generally, you will receive a Form 1099-R or a Form W-2P showing the amount of your distribution.

Generally, unless specifically excluded by law, your pension payments are fully taxable if you did not contribute to the cost of your pension annuity or you have recovered your cost in the plan on prior Alabama income tax returns.

If your pension or annuity is fully taxable, enter it on line 5b; no entry is required on line 5a. If only part is taxable, see the worksheet on page 13 to determine the amount taxable. Enter the taxable amount of your pension or annuity on line 5b.

Worksheet for Partially Taxable Pensions, Annuities, and IRA Distributions

Use the worksheet on the previous page to report distributions from profit-sharing plans, retirement plans, employee savings plans, and individual retirement arrangements not fully taxable. Also, use this worksheet to report pension and annuity income not fully taxable. If the income or distribution is fully taxable you do NOT need to complete this worksheet. In general, you should receive a 1099-R showing the amount of your retirement plan distribution or income. If the taxable portion shown

on your 1099-R is the same for Alabama purposes as for Federal purposes you do NOT need to complete this worksheet. Instead report the total and the taxable amount on Form 40, page 2, Part I, lines 4 or 5.

The taxable portion may **NOT** be the same for Alabama purposes as for Federal purposes because you may have a different cost basis. In this case, you must complete this worksheet to calculate the amount taxable for Alabama purposes.

Amounts you received from the following retirement systems are not taxable and should not be reported.

- Alabama Teacher's Retirement System.
- Alabama Employee's Retirement System.
- Alabama Judicial Retirement System.
- Civil Service Retirement System.
- Retirement Systems created by the Federal Social Security Acts.
- Railroad retirement benefits received under the Federal Railroad Retirement Acts of 1935 and 1937.
- Military Retirement Pay.
- TVA Pension System Benefits.
- U.S. Foreign Service Retirement and Disability Fund Annuities.
- U.S. Government Retirement Fund Benefits.
- Retirement benefits received from any Alabama firefighting agency by any eligible firefighter or designated beneficiary.
- Retirement benefits received from any Alabama police system by any eligible peace officer or designated beneficiary.
- Any "defined benefit" retirement plan in accordance with IRC 414(j). Contact your retirement plan administrator to determine if your plan qualifies.

Use lines 1 through 8 to report amounts you withdrew from your IRA, SEP, Keogh, 401(k)(2), or 403(b) account which are not fully taxable and for which you have not recovered any of your cost basis before January 1, 1987. If you began recovering your cost before January 1, 1987, you should report these distributions on lines 11, 12, and 13.

Worksheet for Federal Simplified General Rule

1. Total pension received this year. Also enter this amount on Form 40, Page 2, Part I, line 5a . . . . . _____
2. Your cost in the plan (contract), including any death benefit exclusion . . . . . _____
3. Age at annuity starting date:

	Enter:
55 and under	300
56-60	260
61-65	240
66-70	170
71 and older	120

_____

4. Divide amount on line 2 by the number on line 3, and round to two decimal places . . . . . _____
5. Multiply line 4 by the number of months for which this year's payments were made . . . . . _____
6. Taxable pension for year. Subtract line 5 from line 1 (do not enter less than zero). Also, enter this amount on Form 40, Page 2, Part I, line 5b. If your Form 1099R shows a larger taxable amount, use the amount on this line instead of the amount from the Form 1099R. . . . . _____

A – IRA, SEP, Keogh, 401(k)(2) or 403(b) Distributions you received in 2019 which included nondeductible contributions.

Line 1. Enter the total value of your IRA, SEP, Keogh, 401(k)(2) or 403(b) account at the end of the taxable year. The amount entered on this line should include any withdrawals you made from the account during 2019. If you have more than one IRA (or other type account) you must enter the total value of all such accounts even though you made withdrawals in 2019 from only one or more of these accounts.

Caution: *If you have more than one type of account (IRA, SEP, etc.) which includes contributions from which you received nondeductible distributions in 2019, you must make a separate computation for each type of account.*

Line 2. Nondeductible Contributions. Nondeductible contributions are those contributions to an IRA (or other type account) for which you have not claimed an adjustment to income on a previous year's return.

If a distribution is made from an IRA you contributed to prior to your residency in Alabama, your basis in that IRA for Alabama purposes will be the same as your basis for federal purposes.

Amounts may be considered nondeductible contributions for the following reasons:

- The Federal Tax Reform Act of 1986 allowed you to make nondeductible contributions to your IRA even if you were unable to deduct all, part, or none of the contributions. Your nondeductible contribution is the difference between your total allowable IRA contributions (up to the maximum amount) and the amount you deducted on your Alabama return that year.
- Qualified contributions made by you to an individual retirement arrangement (IRA), simplified employee pension (SEP), or Keogh plan **before January 1, 1982**, are considered part of your nondeductible contributions since Alabama did not allow you to defer tax on these contributions.
- Qualified contributions you made to a Federal 401(k)(2) plan or 403(b) plan **before January 1, 1985** are considered part of your cost since Alabama did not allow you to defer tax on these contributions.

Line 3. Enter the total of all amounts you have withdrawn from these accounts and excluded from income on a previous year's Alabama return.

Line 4. Subtract line 3 from line 2 and enter the result on line 4. The difference in these amounts represents the balance of your nondeductible contributions.

Line 5. 2019 Withdrawals. Enter the total of all amounts you withdrew from your IRA or other deferred compensation accounts during the taxable year.

Line 6. Exclusion Ratio. Divide the amount on line 4 by the amount on line 1. This ratio will be used to figure the amount of nondeductible contributions that may be excluded this year.

Line 7. Amount of Exclusion. Multiply the amount on line 5 by the percentage on line 6. Enter the result here, but do not enter more than the amount on line 4.

Line 8. Subtract the amount on line 7 from the amount on line 5.

If the amount on line 8 is received from an IRA account, enter it on Form 40, Part I, line 4b. If from some other type account, it should be entered on line 5b. If you received distributions from two or more different types of accounts (IRA, SEP, Keogh, etc.), you should complete a worksheet for each type of account.

B – Pensions, annuities, etc., you began receiving after December 31, 1986 in which you had a cost basis.

Lines 9 and 10. Use these lines to report **only** the pensions and annuities you first began receiving in 1987 which **are not fully taxable** and for which you used the federal annuity tables to compute the taxable portion on your federal return.

The taxable part of these pensions and annuities is computed in the same manner as figured for federal purposes. If the cost basis for Alabama purposes and Federal purposes is the same, the taxable part will be the same. If the cost basis is different for Alabama, the taxable part will be different. For details, refer to Federal instructions and **Federal Publication 575**, Pension and Annuity Income. Enter the full amount you received on line 9 and the taxable portion on line 10.

If you qualify to use the **Federal Simplified General Rule**, you will probably find it both simpler and more beneficial than the Federal General Rule in figuring the taxable and nontaxable parts of your annuity.

If you meet the conditions to choose the Federal Simplified General Rule, use the worksheet beside to figure your taxable pension for 2019. In completing this worksheet, use your age at the birthday preceding your annuity starting date. Be sure to keep a copy of the completed worksheet because it will help you figure your 2019 taxable pension.

C – Pensions, annuities, etc., you began receiving prior to January 1, 1987 in which you have not recovered your cost.

Lines 11 and 12. Use these lines to report pensions and annuities, which are not fully taxable, that you first began receiving prior to 1987. Enter on line 11 the full amount of these pensions that you received in 2019 and your unrecovered cost on line 12.

For amounts you began receiving **prior to 1987**, you can exclude from the taxable amount your unrecovered cost to the plan. Your cost is the amount you contributed plus the contributions your employer made on which you have already paid tax. After you recover your costs, all amounts you receive are fully taxable. Refer to the instructions for line 2 for information concerning amounts that are considered part of your cost basis of an IRA, SEP, Keogh, 401(k)(2), or 403(b) account.

Beneficiaries. If a former employee is receiving a pension or annuity and dies after recovering all of his or her cost, the entire amount the beneficiary receives is taxable for Alabama purposes. However, if the pension or annuity was exempt under Alabama law to the former employee, it is also exempt to the beneficiary.

If a former employee dies before recovering the entire cost, the beneficiary should continue to report the amounts received in the same manner as reported by the former employee. If the former employee began receiving payments **after December 31, 1986**, the beneficiary must continue to use the federal annuity tables based on the beneficiary's life expectancy in determining the taxable part. If the deceased former employee began receiving payments before January 1, 1987, and has not recovered the cost, the beneficiary will continue to re-

cover the cost before any amounts become taxable.

Line 14. Add the amounts on lines 10 and 13.

If the amount on line 14 is received from an IRA account, enter it on Form 40, Part I, line 4b. If from some other type account, the amount on line 14 should be entered on Form 40, Part I, line 5b. If you received distributions from two or more different types of accounts, you should report the total of all accounts on either Form 40, Part I, line 4b or 5b depending on the type of distribution received.

Line 6

Rents, Royalties, Partnerships, Estates, Trusts, Etc.

Use line 6 to report income from rents, royalties, partnerships, S corporations, trusts, and estates.

For more information, see the instructions for **Schedule E**. Schedule E should be completed and attached to Form 40.

Line 7

Farm Income or (Loss)

If you operated a farm during the year, you must attach **Federal Schedule F** to your return.

Alabama law differs from federal law in the treatment of certain items. See the instructions for line 2, Part I, for a description of the items that may need adjusting. If you have adjustments to any of these items, attach an explanation, and show the adjustment as "Other Expenses" on Federal Schedule F.

The net profit or (loss) from farming as shown on Federal Schedule F, after making the necessary adjustments, should be entered on line 7, Part I.

Line 8

Other Income

Enter on line 8 any income you cannot find a place for on your return or other schedules. State the nature and source in the spaces provided, or attach a separate explanation. If you are entitled to a foreign income exclusion, please attach a copy of your Federal Form 2555 to your return and report the amount of your exclusion as a credit in parenthesis (Example: (30,000)) on line 8 Other Income on page 2 of your return. All foreign income must be reported on your return in order to receive any foreign income exclusion.

Page 2, Part II
Adjustments To Income

Lines 1a and 1b

Individual Retirement Arrangement (IRA) Deduction

Contributions to an Individual Retirement Arrangement (IRA) may be taken as an adjustment to income. These contributions represent a deferral of tax on a portion of your income. At the time funds are distributed from these accounts, the amount on which tax has been deferred cannot be claimed as a cost basis in the fund.

Since the Alabama Income Tax Law prior to 1982 did not allow these contributions to be deducted from gross income, you may have a cost basis in the fund for amounts contributed prior to 1982. Accurate records should be kept of the amounts contributed in order for you to be able to determine your cost basis when the funds are withdrawn.

Use the worksheet in your Federal Form 1040 line-by-line instructions to calculate the amount allowable. The amount deductible on your Alabama return is subject to the same limitations as allowable on your 2019 Federal return. However, when figuring the limitation on the amount deductible use the adjusted gross income shown on line 10 of your Alabama return without benefit of the IRA deduction.

Line 2

Keogh Retirement Plan and SEP Deduction

Self-employed individuals may deduct contributions to a Keogh plan from gross income. These contributions represent a deferral of tax on a portion of income. The allowable contributions also include those qualified contributions made under a Simplified Employee Pension (SEP) Plan. At the time funds are distributed from these accounts, the amount on which tax has been deferred cannot be claimed as a cost basis in the fund.

Since the Alabama Income Tax Law prior to 1982 did not allow these contributions to be deducted from gross income, you may have a cost basis in the fund for amounts contributed prior to 1982. Accurate records should be kept of the amounts contributed in order to determine your cost basis when the funds are withdrawn.

Line 3

Penalty on Early Withdrawal of Savings

The **Form 1099-INT** given to you by your bank or savings and loan association will show the amount of any penalty charged because you withdrew funds from a time savings deposit before its maturity. Enter this amount on line 3. (Be sure to include the interest income on Form 40, page 1, line 6.) Penalties on early withdrawal from retirement plans are not deductible.

Line 4

Alimony Paid

You can deduct payments of alimony or separate maintenance made under a court decree to the same extent allowed for federal income tax purposes. Do not deduct lump-sum cash or property settlements, voluntary payments not made under a court order or a written separation agreement, or amounts specified as child support. The name, social security number, and address of the person receiving the payments should be shown in the space provided.

Line 5

Adoption Expenses

Beginning January 1, 1991, the reasonable medical and legal expenses paid or incurred by the taxpayer in connection with the adoption of a minor may be deducted as an adjustment to income. The term "medical expenses" include any medical and hospital expenses of the adoptee and the adoptee's biological mother which are incident to the adoptee's birth, and subsequent medical care and which, in the case of the adoptee, are paid or incurred before the petition is granted. Adoption agency fees are not deductible.

The expenses allowed on your 2019 return are limited to those expenses paid or incurred on or after January 1, 2019, even though adoption proceedings may have begun before this date. A resident of Alabama for only a part of 2019 may deduct only those expenses paid or incurred while a resident of Alabama. Accurate records of all expenses claimed as an adjustment to income must be maintained by the taxpayer and be available to the Alabama Department of Revenue upon request.

Line 6

Moving Expenses

Certain active duty Armed Forces members may deduct certain moving expenses as an adjustment to gross income to the same extent and subject to the same limitations as currently allowed under federal rules with the following exception:

The new job location must be within the State of Alabama.

If you meet the requirements complete and attach **Federal Form 3903** to figure the amount of moving expenses. Enter the total and the new job location as indicated on line 6.

Line 7

Self-employed Health Insurance Deduction

You can deduct self-employed health insurance premiums to the same extent as allowed for federal purposes.

Line 8

Alabama College Counts 529 Fund or Alabama Prepaid Affordable College Tuition Program (PACT) Deduction

You can deduct up to $5,000 or $10,000 if married filing joint, per year for contributions to the Alabama College Counts 529 Fund or to the Prepaid Affordable College Tuition Program (PACT).

Line 9

Health Insurance Premium Deduction

Alabama resident taxpayers may deduct from Alabama gross income 100 percent of the amounts that they pay as health insurance premiums as part of an employer provided health insurance plan who are employed by an employer that has less than 25 employees and earns no more than $50,000 of wages and reports no more than $75,000 of adjusted gross income on their Alabama individual income tax return or $150,000 if married filing joint.

Line 10

Expenses to Retrofit/Upgrade Home to Resist Wind or Flood Damage

Alabama residents may deduct from gross income the lesser of 50 percent of the cost or $3,000 to retrofit or upgrade their home to resist wind or flood damage. The taxpayer must have a certification as prescribed under Chapter 31D, Title 27, *Code of Alabama 1975* or the Alabama Residential and Energy Codes Board.

Line 11

Deposits to a Catastrophe Savings Account

Alabama residents may deduct from gross income deposits made to a catastrophe savings account. The

deduction is $2,000 if the insurance deductible is equal to or less than $1,000. If the deductible is greater than $1,000 the amount of the deduction is the lesser of $15,000 or twice the amount of the insurance deductible. If the taxpayer is self-insured and chooses not to obtain insurance then the deduction is the lesser of $250,000 or the value of the taxpayer's legal residence.

Line 12

Contributions to a Health Savings Account (HSA)

Alabama residents may deduct from gross income deposits made to a health saving account. The HSA contributions are defined as contributions made by a taxpayer to his or her HSA up to the maximum amount allowed pursuant to 26 USC §223. Any contributions made to a heath savings account using pre-tax dollars are not deductible.

Line 13

Deposits to an Alabama First-Time and Second Chance Home Buyer Savings Account

Alabama residents who have not owned or purchased individually or jointly a home ten years prior to the purchase of the first-time home in Alabama may now take a deduction for contributions made to a first-time and second chance home buyer savings account. Individuals must open an account with a financial institution which is designated as a first-time and second chance home buyer savings account on or after January 1, 2019. Only the account holder(s) are eligible for a deduction. Individuals or organizations that contribute to an account on behalf of the taxpayer will not be eligible for any deductions for the contribution. The funds must be used by December 31st of the fifth year to purchase a home in Alabama or the entire funds balance must be included in the account holder's income. Taxpayers must maintain and submit annually with their return any supporting documentation provided by the financial institution for the account. Funds withdrawn for reasons other than to purchase a first-time home will require the taxpayer to include both the entire balance of the fund, including any accumulated earnings, in income in the year of withdrawal and a penalty equal to 10% of the amount withdrawn. Any earnings on the account are not taxable if used for the purchase of a first home in Alabama.

Page 2, Part III

Dependents

Before completing this section, see page 8 of these instructions for the definition of a dependent. Schedule DS must be finished first and attached to your return to take the deduction for dependents. Please follow the line-by-line instructions on Form 40 to complete this section.

NOTE: *If you used Federal Form 8332 (Release/Revocation to claim exemption for child by custodial parent), or if you are NOT claiming a dependent as a dependent for this tax year – DO NOT complete column "Do you provide more than one-half dependents support" on Schedule DS.*

Page 2, Part IV

General Information

ALL TAXPAYERS MUST COMPLETE THIS SECTION

Line 1

Check the appropriate block for either full-year or part-year residency status.

Full-Year Resident. Check here if you were a legal resident of Alabama even if you were employed outside Alabama.

Part-Year Resident. Check here if you were not a legal resident of Alabama for the entire year. (Example: During 2019 you moved into Alabama and became a resident, or you moved out of Alabama and became a resident of another state.)

Line 4

Enter the **Adjusted Gross Income and Taxable Income** as reported on your 2019 Federal Income Tax Return. This information is required under Section 40-18-56, *Code of Alabama 1975*.

Line 5

If you received income from sources taxable for Federal purposes but exempt for Alabama tax purposes, the source(s) and amount(s) should be entered on line 5 unless they are explained elsewhere on the Alabama return.

EXAMPLE: *U.S. Civil Service Retirement is exempt for Alabama purposes and therefore should be shown on line 5.*

Direct Deposit Information

In order to receive a direct deposit refund, your Form 40 return must be electronically filed, paper filed using tax preperation software that utilized 2-D barcode technology, or a fill-in Form 40 with calculations from our website.

NOTE: *You cannot use the blank Form 40 to receive a direct deposit refund.*

WARNING: *Due to changes in the electronic banking rules, the Alabama Department of Revenue will no longer allow direct deposits to or through foreign financial institutions. If you use a foreign financial institution, you will be issued a paper check.*

Line 1

The routing number **must** be **nine** digits. The first two digits must be 01 through 12 or 21 through 32. Otherwise, the direct deposit will be rejected and a check sent instead. Your check may state that it is payable through a financial institution different from the one at which you have your checking account. If so, **do not** use the routing number on that check. Instead, contact your financial institution for the correct routing number to enter on line 1a.

Line 3

The account number can be up to 17 characters (both numbers and letters), to include hyphens but omit spaces and special symbols. Enter the number from left to right and leave any unused boxes blank. Be sure not to include the check number.

WARNING: *Some financial institutions will not allow a joint refund to be deposited into an individual account. If the direct deposit is rejected, a check will be sent instead. The Department is not responsible if a financial institution rejects a direct deposit. If you are unsure of the routing number and/or account number, you should check with your financial institution to ensure they are correct. The Department is not responsible for a lost refund if you enter the wrong account information.*

SECTION 4 General Information

This section contains general information about items such as amending your tax return, how long to keep records, and filing a return for a deceased person.

Substitute Tax Forms

You may not use your own version of a tax form unless it meets the requirements of the Alabama Department of Revenue. All privately designed and printed substitute tax forms **must be approved** by the Alabama Department of Revenue.

Penalties and Interest

Interest. Interest is charged on taxes not paid by their due date even if an extension of time is granted. If your return is not filed by the due date and you owe additional tax, you should add interest from the due date of the federal return to date of payment. Submit payment of the tax and interest with your return. Alabama law provides that the same rate of interest shall be collected as currently prescribed by the Internal Revenue Service. Any of the Alabama Taxpayer Service Centers listed on page 2 of this booklet will provide the current rate of interest in effect at the time your return is filed.

Failure To Timely File Return. Alabama law provides a penalty of 10% of the tax due or $50, whichever is greater, if filed late. The penalty does not apply to a tax return filed indicating no tax due or a refund.

Failure To Timely Pay Tax. The penalty for not paying the tax when due is 1% of the unpaid amount for each month or fraction of a month that the tax remains unpaid. The maximum penalty is 25%.

Underpayment Penalty. If the amount of tax due for 2019 is $500 or more you may owe a penalty due to underpayment if the total of your withholding and timely estimated tax payments did not equal at least the smaller of:

1. 90% of your 2019 tax (66-2/3% for farmers), or
2. 100% of your 2018 tax. (Your 2018 tax return must be for a 12-month period.) Use Form 2210AL to calculate the penalty. Also see Payment of Estimated Tax on page 18 of this booklet.

NOTE: *If you included interest, a failure to timely file, or a failure to timely pay penalty with your payment, identify and enter these amounts in the bottom margin of Form 40, page 1. The only penalty to be included on lines 29 and 30 is the underpayment penalty.*

Other Penalties. There are also penalties for filing a frivolous return, underpayment due to negligence, underpayment due to fraud, substantial understatement of estimated tax, and failure to file estimated tax.

Any person failing to file a return as required by Alabama law or rendering a willfully false or fraudulent return will be assessed by the Alabama Department of Revenue on the basis of the best information obtainable by the Department with respect to the income of such taxpayer.

Criminal Liability. Section 40-29-112, *Code of Alabama 1975*, as amended, provides for a more severe penalty for not filing tax returns. Any person required to file a return under this title who willfully fails to make such return shall be guilty of a misdemeanor and upon conviction thereof, shall be fined not more than $25,000 or imprisoned not more than 1 year, or both. Section 40-29-110 provides that any person who willfully attempts to evade any tax imposed by this title or the payment thereof shall be guilty of a felony and, upon conviction thereof, shall be fined not more than $100,000 or imprisoned for not more than 5 years, or both. These penalties are in addition to any other penalties provided for by Alabama law.

Address Change

If you move after filing your return you should notify the Department of Revenue by sending a Change of Address Form available on the Department's website under the Forms link to:

Alabama Department of Revenue
Individual and Corporate Tax Division
P.O. Box 327410
Montgomery, AL 36132-7410

Corresponding With Alabama Department of Revenue

Be sure to include your social security number and phone number in any letter to the Alabama Department of Revenue. (See **"Where To File,"** page 13.)

How Long Should Records Be Kept?

Keep records of income, deductions, and credits shown on your return, as well as any worksheets used to figure them, until the statute of limitations runs out for that return. Usually this is 3 years from the date the return was filed. If income that should have been reported was not reported and the income omitted is in excess of 25% of the stated income, the period of limitation does not expire until six (6) years after the due date of the return or six (6) years after the date the return was filed, whichever is later. **There is no period of limitation when a return is false or fraudulent, or when no return is filed.**

Also keep copies of your filed tax returns as part of your records. You should keep some records longer than the period of limitation. For example, keep property records (including those on your own home) as long as they are needed to figure the basis of the original or replacement property. Copies of your tax returns will help in preparing future returns, and they are necessary if you file an amended return. Copies of your returns and your other records may be helpful to your survivor, or the executor or administrator of your estate.

Requesting a Copy of Your Tax Return

If you need a copy of your tax return or tax account information use **Form 4506-A**, Request for Copy of Tax Form or Income Tax Account Information. The charge for a copy of a return is $5. There is no charge for tax account information.

Amended Return

If you have already filed a return and become aware of any changes to income, deductions or credits, you should file an amended tax return. You should file a completed Alabama Individual Income Tax Return with the "Amended" box checked. A detailed explanation page of all the changes made should be attached to the tax return.

NOTE: *If your State return is changed for any reason, it may affect your Federal Income Tax liability. This would include changes made as a result of an examination of your return by the Alabama Department of Revenue. Contact the Internal Revenue Service for more information.*

Death of Taxpayer

If a taxpayer died before filing a return, the taxpayer's spouse or personal representative must file a return for the person who died if they were required to file a return. A personal representative can be an executor, administrator, or anyone who is in charge of the taxpayer's property.

The person who files the return should check the box indicating which taxpayer is deceased and provide the date of death in the space provided. A copy of the death certificate must also be attached to the return.

If the taxpayer did not have to file a return but had tax withheld, a return must be filed to receive a refund.

If your spouse died within the tax year, you can file a joint return even if you did not remarry. You can also file a joint return if your spouse died before filing the return. A joint return should show both your and your spouse's income during the tax year. Also, write "Filing as surviving spouse" in the area where you sign the return. If someone else is the personal representative, he or she must also sign.

If you are claiming a refund as a surviving spouse filing a joint return with the deceased and you follow the above instructions, no other form is needed unless you receive a joint refund check and the refund check should be reissued in your name only. In such case, you will need to file Form 1310A.

Form 1310A is used when you are a surviving spouse requesting reissuance of the refund check in your name only, a court-appointed or certified personal representative and did not file paperwork with decedent's original return, or any other person claiming the refund for the decedent or on behalf of the decedent's estate.

Payment of Estimated Tax

Every individual who reasonably expects to owe at least $500 in tax in 2020 is required to file and pay estimated tax.

NOTE: *If the* ***TOTAL ESTIMATED TAX*** *for 2020 is less than five hundred dollars ($500), an estimate is not required to be paid.*

Alabama law provides for penalties if an estimate is due and is not paid, or is underpaid. The due dates for making estimated tax payments are the same as required by Federal Income Tax Law. **Do not** include payment of your estimated tax with the payment for tax due on your individual return because the quarterly voucher and remittance **MUST** be mailed separately. Additional instructions for filing your estimates are on the back of Form 40ES.

No refund will be made for any estimated taxes paid except when such amount is taken as a credit on an income tax return filed at the end of the taxable year by the payor or his authorized representative, or on an amended income tax return if the full amount paid is not claimed on the original income tax return.

Automatic Extension

If you know you cannot file your return by the due date, you do not need to file for an extension. You will automatically be granted an extension until October 15, 2020. If you anticipate that you will owe additional tax on your return, you should submit your payment with a payment voucher (Form 40V) by the due date of your federal return.

Except in cases where taxpayers are abroad, no extension will be granted for more than 6 months.

An extension means only that you will not be assessed a penalty for filing your return after the due date. Interest on the additional tax due from the due date of the return and any penalties will be assessed if applicable to your return.

Setoff Debt Collection

If you owe money or have a delinquent account under any of the following public assistance programs, your refund may be applied to offset that debt:

- Any and all of the public assistance programs administered by the Alabama Department of Human Resources, including the Child Support Act of 1979, Chapter 10 of Title 38.
- Any and all of the assistance programs administered by the Alabama Medicaid Agency.
- Overpayment of unemployment compensation.
- Any and all unpaid debt submitted by local governmental entities.
- Any and all court fees/fines owed to the Administrative Office of Courts.

If the Alabama Department of Human Resources, the Alabama Department of Labor, the Administrative Office of Courts, the Alabama Medicaid Agency, Alabama League of Municipalities, or Association of County Commissions of Alabama notifies the Alabama Department of Revenue that you have a delinquent account in excess of $25, part or all of your refund may be applied to offset that debt. If you are married and filing a joint return, the joint refund may be applied to offset any of the above debts.

IMPORTANT*: If you have been assessed taxes from a prior year, your current year refund will be applied to that debt even if the liability resulted from a jointly filed return.*

Federal Refund Offset Program

Your 2019 federal or state refund will be taken to satisfy any outstanding liabilities owed to the State of Alabama or to the Internal Revenue Service.

SECTION 5 *Instructions to Schedules for Form 40*

Instructions For

Schedule A (Form 40)

Itemized Deductions

Changes You Should Note

The itemized deductions you may claim on your Alabama return are similar to the deductions allowed for Federal purposes; however, certain items may be treated differently. Please see the line by line instructions which follow for an explanation of these differences.

Purpose of Schedule

Some taxpayers should itemize their deductions because they will save money. See **Itemized or Standard Deduction** on page 8.

Schedule A **must** be completed in detail if you elect to itemize your deductions instead of claiming the standard deduction.

If you itemize, you can deduct part of your medical and dental expenses, part of your unreimbursed employee business expenses, amounts you paid for certain taxes, interest, contributions, and other miscellaneous expenses. You may also deduct certain casualty and theft losses.

Married, Filing Separate Returns. If married and filing separate returns, both spouses must claim the same deduction unless the spouses have lived apart for the entire year, in which case each spouse may claim either deduction. However, neither spouse may claim a deduction for expenses paid by the other.

Part-year Residents. Individuals becoming or ceasing to be residents during the year are entitled to claim ONLY the itemized deductions that were **actually paid while a resident of Alabama.** The Department will permit you to prorate a deduction (such as interest or taxes) based on the number of months you were a resident if the deduction was paid during the entire year and the amount actually paid while a resident cannot be determined.

Lines 1 through 4

Medical and Dental Expenses

Before you can figure your total medical and dental expenses, you must complete your Form 40, page 1, lines 1 through 10.

Medical and dental expenses are allowed as itemized deductions to the same extent as allowed for federal purposes with the following exceptions:

- Do not include in medical and dental expenses insurance premiums paid by an employer-sponsored health insurance plan (cafeteria plan).
- You may deduct only that part of your medical and dental expenses that is more than 4% of the amount on Form 40, page 1, line 10.
- Qualified long term care premiums are not included in medical and dental expenses. They are deductible in full on line 25.

Enter the total of your medical and dental expenses after reducing these expenses by any payments received from insurance or other sources. Include amounts you paid for doctors, dentists, nurses, hospitals, prescription medicines and drugs, or insulin. Also, include the total amount you paid for insurance premiums for medical and dental care, amounts paid for transportation and lodging, and other expenses such as hearing aids, dentures, eyeglasses, and contact lenses.

If your insurance company paid your doctor or dentist directly for part of your medical expenses and you paid only the amount that remained, include in your medical expenses ONLY the amount you paid.

If you received a reimbursement in 2019 of prior year medical or dental expenses, do not reduce your 2019 expenses by this amount. You must include the reimbursement in income on Form 40, Part 1, line 8, if you deducted the medical expenses in the earlier year and the deduction reduced your tax. **Federal Pub. 502** tells you how to figure the amount to include in income.

When figuring the deduction, you may include medical and dental bills you paid for:

- Yourself.
- Your spouse.
- All dependents claimed on your return.
- Your child whom you do not claim as a dependent because of the federal rules explained for **Children of Divorced or Separated Parents.**

Examples of Medical and Dental Payments You CAN Deduct

To the extent you were not reimbursed, you can deduct what you paid for:

- Medicare Part B insurance.
- Prescription medicines and drugs, or insulin.
- Premiums paid to private insurers for additional Medicare coverage.
- Medical doctors, dentists, eye doctors, chiropractors, osteopaths, podiatrists, psychiatrists, psychologists, physical therapists, acupuncturists, and psychoanalysts (medical care only).
- Medical examinations, X-ray and laboratory services, insulin treatment, and whirlpool baths the doctor ordered.
- If you pay someone to do both nursing and housework, you can deduct only the cost of the nursing help.
- Hospital care (including meals and lodging), clinic costs, and lab fees.
- Medical treatment at a center for drug addicts or alcoholics.
- Cost of a weight-loss program for the purpose of treating diagnosed obesity or another recognized disease. Cost must be out-of-pocket and uncompensated.
- Medical aids such as hearing aid batteries, braces, crutches, wheelchairs, guide dogs, and the cost of maintaining them.
- Lodging expenses (but not meals) paid while away from home to receive medical care in a hospital or a medical care facility that is related to a hospital. Do not include more than $50 a night for each eligible person.
- Ambulance service and other travel costs to get medical care. If you used your own car, you can claim what you spent for gas and oil to travel to and from the place you received medical care, or you can claim the federal mileage rate. Add parking and tolls to the amount you claim under either method.

Examples of Medical and Dental Payments You CANNOT Deduct

- Premiums paid by an employer-sponsored health insurance plan (cafeteria plan).
- The basic cost of Medicare insurance (Medicare Part A).

NOTE: *If you were 65 or older but not entitled to social security benefits, you may deduct premiums you voluntarily paid for Medicare A coverage.*

- Life insurance or income protection policies.
- The 1.45% Medicare (hospital insurance benefits) tax withheld from your pay as part of the social security tax or the Medicare tax paid as part of social security self-employment tax.
- Nursing care for a healthy baby.
- Illegal operations or drugs.
- Nonprescription medicines or drugs.
- Travel your doctor ordered for rest or change.
- Funeral, burial, or cremation costs. **Federal Pub. 502** has a discussion of expenses that may and may not be deducted. It also explains when you may deduct capital expenditures and special care for handicapped persons.

Lines 5 through 9

Taxes (Other than Federal Income Tax) You CAN Deduct

If deductions are itemized, you CAN DEDUCT the following taxes:

- **Real Estate Taxes** (line 5). Include taxes you paid on property you own in any state that was not used for business. If you pay real estate taxes as part of your mortgage payments, do not take a deduction for that amount. Deduct the taxes in the year the mortgage company actually paid them to the taxing authority.
- **FICA Tax (Social Security and Medicare)** (line 6). You can deduct the FICA tax (Social Security and Medicare) withheld on your income by your employer. If you worked for more than one employer which resulted in more than the maximum FICA tax being withheld, the excess amount claimed as Federal Income Tax Withheld on your Federal return cannot be claimed as an itemized deduction on your Alabama return.
- **Federal Self-Employment Taxes** (line 6). You can deduct the Federal self-employment tax you paid during the year 2019 for the tax year 2018 and/or prior years.
- **Railroad Retirement Tax** (line 7). You can deduct the railroad retirement tax you paid in 2019. Only your contribution to tier one railroad retirement is deductible as an itemized deduction.
- **Other taxes** (line 8). In addition to the above taxes, you can also deduct:

(a) **City, County, and Occupational Tax** as reported on your W-2.

(b) **State Unemployment Insurance Tax (S.U.I.).** Employees were not required to pay S.U.I. Tax in 2019 since the full amount was paid by their employer. However, if S.U.I. Tax was paid to a state other than Alabama, it may be deducted.

(c) **Federal Gift Taxes.** Federal gift taxes are deductible only if you are the person making the gift and you paid the tax. (The person receiving the gift cannot claim this deduction even though he paid the tax.)

(d) **Personal Property Taxes.** This tax must be based on the value alone. For example, if part of the fee you paid for the registration of your car was based on the car's value and part was based on its weight, you can deduct only the part based on value.

(e) **Generation-Skipping Transfer (GST) Taxes.** Generation-skipping transfer taxes imposed on income distributions by 26 U.S.C. 2601 are deductible if you paid or accrued the taxes within the taxable year.

Taxes You CANNOT Deduct include but are not limited to

- State income taxes. (If you paid state income taxes to another state, you may be entitled to a tax credit. See instructions for Schedule CR for further information.)

■ State and local sales taxes.
■ Income tax you paid to a foreign country.
■ Taxes you paid for another person.
■ License fees (marriage, driver's, dog, hunting, pistol, etc.).
■ Civil Service Retirement contributions (State or Federal).
■ Federal excise tax on personal property, transportation, telephone, and gasoline.
■ Customs duties.
■ Gasoline tax.
■ State utility taxes.
■ Tax on liquor, beer, wine, cigarettes, and tobacco.
■ Car inspection fees.
■ Taxes you paid for your business or profession. (Use Schedule C, C-EZ, E, or F to deduct these business expenses.)
■ Assessments for sidewalks or other improvements to your property.

Lines 10a through 13

Interest You Paid

The interest you paid that can be claimed as an itemized deduction is limited in most cases to the same amount as currently allowable for federal purposes.

You should show on Schedule A interest you paid on nonbusiness items only. Whether your interest expense is treated as investment interest, personal interest, or business interest depends on how and when you used the loan proceeds.

NOTE: *Personal interest and qualified mortgage insurance premiums are no longer deductible.*

Complete and attach **Alabama Form 4952A** if you are claiming investment interest as an itemized deduction.

If you qualify for the Mortgage Interest Credit on your Federal return, the total interest you paid (before the credit) is deductible for Alabama purposes.

For further information describing the interest you may deduct, refer to federal instructions and publications.

Lines 14 through 17

Gifts to Charity

Contributions are allowable as itemized deductions to the same extent as currently allowed for federal purposes. However, when determining the 60% and special 20% and 30% limitations, you **must** use Alabama (not Federal) adjusted gross income.

You can deduct what you gave to organizations that are religious, charitable, educational, scientific, or literary in purpose. You can also deduct what you gave to organizations that work to prevent cruelty to children or animals.

Examples of these organizations are:

■ Churches, temples, synagogues, Salvation Army, Red Cross, CARE, Goodwill Industries, United Way, Boy Scouts, Girl Scouts, Boys and Girls Clubs of America, etc.
■ Fraternal orders if the gifts will be used for the purposes listed above.
■ Veteran's and certain cultural groups.
■ Nonprofit schools, hospitals, and organizations whose purpose is to find a cure for, or help people who have arthritis, asthma, birth defects, cancer, cerebral palsy, cystic fibrosis, diabetes, heart disease, hemophilia, mental illness or retardation, multiple sclerosis, muscular dystrophy, tuberculosis, etc.
■ Federal, state, and local governments if the gifts are solely for public purposes.

If you contributed to a charitable organization and also received a benefit from it, you can deduct only the amount that is more than the benefit you received. If you do not know whether you can deduct what you gave to an organization, check with that organization or with the IRS.

Contributions You MAY Deduct

Contributions may be in cash (keep canceled checks, receipts, or other reliable written records showing the name of the organization and the date and amount given), property, or out-of-pocket expenses you paid to do volunteer work for the kinds of organizations described above. If you drove to and from the volunteer work, you may take 14 cents a mile or the actual cost of gas and oil. Add parking and tolls to the amount you claim under either method. (But don't deduct any amounts that were repaid to you.)

Limit on the amount you may deduct

Get Federal Pub. 526 to figure the amount of your deduction if any of the following applies:
■ Your cash contributions or contributions of ordinary income property to certain organizations are more than 30% of Form 40, page 1, line 10.
■ Your gifts of capital gain property to certain organizations are more than 20% of Form 40, page 1, line 10.
■ You gave gifts of property that increased in value or gave the use of property as gifts.

You MAY NOT Deduct as Contributions

■ Travel expenses (including meals and lodging) while away from home unless there was no significant element of personal pleasure, recreation, or vacation in the travel.
■ Political contributions.
■ Dues, fees, or bills paid to country clubs, lodges, fraternal orders, or similar groups.
■ Value of any benefit such as food, entertainment, or merchandise that you received in connection with a contribution to a charitable organization.

Example. You paid $100 to a charitable organization to attend a fund-raising dinner. To figure the amount of your deductible charitable contribution, subtract the value of the dinner from the total amount you paid. If the value of the dinner was $40, your deductible contribution is $60.

■ Cost of raffle, bingo, or lottery tickets.
■ Cost of tuition.
■ Value of your time or services.
■ Value of blood given to a blood bank.
■ The transfer of a future interest in tangible personal property (generally, until the entire interest has been transferred).
■ Gifts to:
  a. Individuals.
  b. Foreign organizations.
  c. Groups that are run for personal profit.
  d. Groups whose purpose is to lobby for changes in the laws.
  e. Civic leagues, social and sports clubs, labor unions, and chambers of commerce.

Record Keeping. If you gave property, you should keep a receipt or written statement from the organization you gave the property to, or a reliable written record that shows the organization's name and address, the date and location of the gift, and a description of the property. You should also keep reliable written records for each gift of property that include the following information:

a. How you figured the property's value at the time it was given. (If the value was determined by an appraisal, you should also keep a signed copy of the appraisal.)

b. The cost or other basis of the property if you must reduce it by any ordinary income or capital gain that would have resulted if the property had been sold at its fair market value.

c. How you figured your deduction if you chose to reduce your deduction for gifts of capital gain property.

d. Any conditions attached to the gift.

NOTE: *If your total deduction for gifts of property is over $500, or if you gave less than your entire interest in the property, or you made a "qualified conservation contribution" under Federal Section 170(h), your records should contain additional information. See* ***Federal Pub. 526*** *for details.*

Line 14

Enter the total contributions you made in cash or by check (including out-of-pocket expenses).

Line 15

Enter the contributions of property. If you gave used items such as clothing or furniture, deduct their fair market value at the time you gave them. Fair market value is what a willing buyer would pay a willing seller when neither has to buy or sell and both are aware of the conditions of the sale. If the amount of your deduction is more than $500, you must complete and attach **Federal Form 8283**, Noncash Charitable Contributions. If your total deduction is over $5,000, you may also need appraisals of the values of the donated property. For this purpose, the "amount of your deduction" means your deduction BEFORE applying any income limitations that could result in a carryover of contributions. See **Federal Form 8283** and its instructions for details.

Line 16

Enter on line 16 any carryover of contributions that you were unable to deduct in an earlier year because it exceeded your adjusted gross income limit.

Lines 18a, b, and c

Casualty and Theft Losses

A casualty or theft loss is determined in the same manner as on your federal return with the following exceptions:

■ The loss may be claimed **only** in the year during which the loss occurred or the theft was discovered.
■ The loss on personal property must be reduced by 10% of the **Alabama** adjusted gross income as shown on Form 40, page 1, line 10.

Use lines 18a, b, and c to report casualty or theft losses of property that are not a trade or business, income-producing, or rent or royalty property. Complete and attach **Federal Form 4684** to figure your loss. Enter on line 18a of Alabama Schedule A the amount of loss as shown on line 16 (Section A) of Form 4684.

Losses You MAY Deduct

You may be able to deduct all or part of each loss caused by theft, vandalism, fire, storm, and car, boat, and other accidents or similar causes. You may also be able to deduct money you had in a financial institution

but lost because of the insolvency or bankruptcy of the institution.

You may deduct nonbusiness casualty or theft losses only to the extent that —

a. the amount of **EACH** separate casualty or theft loss is more than $100, and

b. the total amount of **ALL** losses during the year is more than 10% of your adjusted gross income on Form 40, page 1, line 10.

Special rules apply if you had both gains and losses from nonbusiness casualties or thefts. Get **Federal Form 4684** for details.

Losses You MAY NOT Deduct

- Money or property misplaced or lost.
- Breakage of china, glassware, furniture, and similar items under normal conditions.
- Progressive damage to property (buildings, clothes, trees, etc.) caused by termites, moths, other insects, or disease.

Use line 20 of Schedule A to deduct the costs of proving that you had a property loss. (Examples of these costs are appraisal fees and photographs used to establish the amount of your loss.)

For more details, refer to federal instructions and publications.

Lines 19 through 23

Miscellaneous Deductions Expenses Subject to the 2% Limit

Most miscellaneous deductions cannot be deducted in full. You must subtract 2% of your Alabama adjusted gross income from the total. You figure the 2% limit on line 22.

Generally, the 2% limit applies to job expenses you paid for which you were not reimbursed (line 19). The limit also applies to certain expenses you paid to produce or collect taxable income (line 20). See the instructions for lines 19 and 20 for examples of expenses to deduct on these lines.

The 2% limit does not apply to certain other miscellaneous expenses that you may deduct. See the instructions for line 24 for examples of these expenses.

Line 19

Use this line to report Alabama job expenses you paid for which you were not reimbursed. In some cases, you must first fill out **Federal Form 2106**, Employee Business Expenses. Fill out Form 2106 if:

1. You claim any travel, transportation or meal expenses for your job; **OR**

2. Your employer paid you for any of your job expenses reportable on line 19.

If 1 or 2 above applies, enter the net deductible amount from Federal Form 2106 on line 20 of Schedule A.

If you do not have to fill out Form 2106, list the type and amount of your expenses on the space provided on line 19. If you need more space, attach a statement showing the type and amount of the expense.

Examples of expenses to include on line 19 are:

- Travel, transportation or meal expense. ***Note:*** *If you have any of these expenses, you must use* ***Federal Form 2106*** *for all your job expenses.*
- Union dues.
- Safety equipment, small tools, and supplies you used in your job.
- Uniforms your employer said you must have and which you may not usually wear away from work.
- Protective clothing required in your work such as hard hats, safety shoes, and glasses.
- Physical examinations your employer said you must have.
- Dues to professional organizations and chambers of commerce.
- Subscriptions to professional journals.
- Fees to employment agencies and job search expenses in your present occupation.
- **Education expenses** you paid that were required by your employer, or by law or regulations, to keep your salary or job. In general, you may include the cost of keeping or improving skills you must have in your job. Some educational expenses are not deductible. See **Expenses You MAY NOT Deduct**.
- Business use of part of your home, but **ONLY** if you use that part exclusively and on a regular basis in your work and for the convenience of your employer. For details, including limits that apply, see **Federal Pub. 587**, Business Use of Your Home. Also, see the instructions for Part I, line 2 on page 14.

Line 20

Use this line for amounts you paid for the production or collection of taxable income; for the management, conservation, or maintenance of property held for the production of taxable income; or in connection with the determination, collection, or refund of any tax. List the type and amount of each expense in the space provided on line 20. If you need more space, attach a statement showing the type and amount of each expense. Enter one total in the amount space for line 20. Examples of these expenses are:

- Tax return preparation fee.
- Safe deposit box rental.
- Certain legal and accounting fees.
- Clerical help and office rent.
- Custodial (e.g., trust account) fees.
- Your share of the investment expenses of a regulated investment company.
- Certain losses on nonfederally insured deposits in an insolvent or bankrupt financial institution.

For more information (including limits on the amount you can deduct), see **Federal Pub. 529**.

NOTE: *Excess deductions from decedent's estate and irrevocable trust cannot be claimed. See Code of Alabama 40-18-25(4).*

Line 24

Miscellaneous Deductions Expenses NOT Subject to the 2% Limit

Use this line to report miscellaneous deductions that are NOT subject to the 2% AGI limit. Only the expenses listed below can be deducted on line 24:

- Gambling losses to the extent of gambling winnings. Report gambling winnings on Form 40, page 2, Part I, Line 8.
- Amortizable bond premium on bonds acquired before October 23, 1986.
- Unrecovered investment in a pension. See **Federal Pub. 17**.
- Impairment-related work expenses of a disabled person.

List the type and amount of each expense. Enter the total on line 24.

Expenses You MAY NOT Deduct

Some expenses are not deductible at all. Examples are:

- Political contributions.
- Personal legal expenses.
- Lost or misplaced cash or property (but see Casualty and Theft Losses).
- Expenses for meals during regular or extra work hours.
- The cost of entertaining friends.
- Expenses of going to or from work.
- Education that you need to meet minimum requirements for your job or that will qualify you for a new occupation.
- Expenses of:
  a. Travel as a form of education.
  b. Attending a seminar, convention, or similar meeting unless it is related to your employment.
- Fines and penalties.
- Funeral expenses.

Line 25

Qualified Long-term Care Coverage

Premiums paid pursuant to a qualifying insurance contract for qualified long term care coverage paid by the taxpayer may be deducted on line 25. Qualified long-term care services include care for necessary diagnostic, preventive, therapeutic and rehabilitative services and maintenance or personal care services which are required by a chronically ill individual in a qualified facility or services which are provided pursuant to a place of care prescribed by a licensed health care practitioner.

Instructions For Schedule B
Interest and Dividend Income

Purpose of Schedule

Use Schedule B if you are filing Form 40 and the total taxable and nontaxable income from interest and dividends is $1,500 or more.

Mutual Funds. If you received a 1099-DIV, 1099-INT or substitute statement from a brokerage firm or mutual fund, include the interest and dividends on Schedule B. Capital gains should be reported on Schedule D. List the mutual fund or brokerage firm's name as the payer and enter the total interest or dividends shown on that form on Schedule B.

Interest Income

All interest you received in 2019 is taxable for Alabama purposes except interest on obligations of the United States or its possessions, and interest on obligations of the State of Alabama or any county, municipality, or other political subdivision of Alabama.

Show the name of the payer and the amount of all interest you received on **Schedule B**. Exempt interest should be listed in Column A and taxable interest in Column B.

Examples of TAXABLE Interest

- Accounts (including certificates of deposit and money market accounts) with banks, credit unions, and savings and loan associations.
- The percentage of dividends not derived from

interest on United States obligations and/or Alabama municipal obligations which are received from a regulated investment company.

- Asian Development Bank.
- African Development Fund.
- Building and loan accounts.
- Federal Home Loan Mortgage Corporation.
- Federal National Mortgage Association (FNMA).
- Government National Mortgage Association (GNMA).
- Inter-American Bank, International Bank for Reconstruction and Development, and World Bank.
- International Finance Corporation.
- International Development Association.
- International Monetary Fund.
- National Consumer Cooperative Bank.
- Refunds of federal income tax.
- Refunds of state income tax.
- Federal Land Credit Banks.
- Federal Housing Authority.
- Small Business Association.

Examples of EXEMPT Interest

- The percentage of dividends derived from interest on United States obligations and/or Alabama municipal obligations which are received from a regulated investment company.
- Bank for Cooperatives.
- Student Loan Marketing Association (SLMA).
- Bonds issued by the Government of Puerto Rico or the Government of Guam.
- Bonds issued by the government of the Virgin Islands
- Federal Financing Bank.
- Federal Land Banks.
- Federal Intermediate Credit Banks.
- Federal Home Loan Banks.
- Production Credit Associations.
- U.S. Treasury Bills, U.S. Treasury Notes, or U.S. Series E and H Bonds.
- Tennessee Valley Authority.
- Federal Farm Credit Bonds.
- Federal Home Administration.
- Commodity Credit Corporation.
- Federal Deposit Insurance Corporation.
- Federal Saving & Loan Insurance Corporation.
- General Insurance Fund.
- GSA Public Building Trust Participation Certificates.
- Participation Certificates in the Federal Assets Financing Trust.
- Special Food Service Program.

Dividend Income

All dividends, including liquidating dividends, you received in 2019 are fully taxable. Gain or loss on liquidating dividends should be reported on **Schedule D**. Dividends from savings and loan associations are also taxable. Include cash and the value of stock, property, or merchandise you received as a dividend.

List the payer's name and show the amount of income. If securities are held in a brokerage account, list the name of the brokerage firm as the payer.

Instructions For Schedule CR

Credit for Taxes Paid To Other States

See the general instructions for credit for tax paid to another state on page 10. **Below is an example of when all of the income in the other state is not taxed on the Alabama return. In such situations, you may not be entitled to the full amount of tax paid to the other state. The following example can be used by changing the figures to fit your income and/or loss.**

The taxpayer is a single filing resident of Alabama and has income from wages of $66,666.67. The taxpayer has gambling winnings of $100,000.00. The taxpayer has substantiated gambling losses of $50,000.00 of which only $30,000.00 is allowed as a deduction on the other state's return.

Use this example to compute the income from the other state under Alabama Tax Law.

(1) Income from Other State $100,000.00

(2) All Alabama allowed Expenses (Losses) associated with Income from Other State:

(2a) Gambling Losses . . $ 50,000.00

(2b) . . . . . $ _____

(2c) . . . . . $ _____

(3) Add lines 2a, 2b, and 2c . . . . . $ 50,000.00

(4) Income from other state under Alabama Law (subtract line 3 from 1 to get the same income taxed by Alabama) . . . $ 50,000.00

(a) If the result is zero or less, STOP here, you are not due a credit against your Alabama income tax.

(b) If there is no entry on line 2 above, the "taxable income" from the other state return should be entered on Schedule CR, line 1.

(c) If there is an entry on line 2 above, compute the Alabama tax on the amount on line 4 using the tax tables on pages 25-30. In this example, the tax credit would be $2,463.00.

NOTE: *Residents, that worked and received income/wages from a state that doesn't have income tax, will not be eligible for the credit for taxes paid to another state.*

Instructions For Schedule DC Donation Check-Offs

Line 1a

Alabama Senior Services Trust Fund

This fund will assist in the support of programs for the aging in Alabama. If you wish to make a contribution to this program, enter a dollar amount.

Line 1b

Alabama Arts Development Fund

This fund provides for grants to tax exempt organizations or associations to encourage development of quality arts activities or cultural facilities in local areas. If you wish to make a contribution to this program, enter a dollar amount.

Line 1c

Alabama Nongame Wildlife Fund

This is a program under the jurisdiction of the Game and Fish Division of the Department of Conservation which provides management of such nongame wildlife. If you wish to make a contribution to this program, enter a dollar amount.

Line 1d

Child Abuse Trust Fund

This fund encourages the direct provision of services to prevent child abuse and neglect. If you wish to make a contribution to this program, enter a dollar amount.

Line 1e

Alabama Veterans' Program

This fund provides supportive assistance through nursing and related health care for Alabama ailing and aged veterans of the armed forces who have need of special nursing and related health care services. If you wish to make a contribution to this program, enter a dollar amount.

Line 1f

Alabama State Historic Preservation Fund

Your donations to this fund will be used by the Alabama Historical Commission to pay the costs of the maintenance, acquisitions, preservation and operations of its acquisitions. If you wish to make a contribution to this fund enter a dollar amount.

Line 1g

Alabama State Veterans Cemetery at Spanish Fort Foundation, Inc.

Your donations to this fund will be used to promote the mission of the cemetery and support other veteran organizations, activities and programs which promote the welfare of veterans and commemorate the honorable service provided by veterans. If you wish to make a contribution to this fund, enter a dollar amount.

Line 1h

Foster Care Trust Fund

The Foster Care Trust Fund provides educational, athletic, artistic, and special occasion opportunities to Alabama's foster children. If you wish to make a contribution to this fund, enter a dollar amount.

Line 1i

Mental Health

This is a non-profit organization dedicated to the eradication of mental illness and to the improvement of the quality of life of those whose lives are affected by these diseases. Your donation to this fund will help provide unconditional support to persons experiencing mental pain and those struggling toward recovery. If you wish to make a contribution to this fund, enter a dollar amount.

Line 1j

Alabama Firefighters Annuity and Benefit Fund

Your donations to this fund will be used to provide retirement, disability and death benefits to firefighters who are registered with this fund. If you wish to make a

contribution to this fund, enter a dollar amount.

Line 1k

Alabama Breast and Cervical Cancer Research Program

The University of Alabama at Birmingham's Comprehensive Cancer Center is a nationally funded leader in breast and cervical research providing cutting edge clinical care to the people of Alabama. Your donation to this fund will help in the fight against breast and cervical cancer. If you wish to make a contribution to this fund, enter a dollar amount.

Line 1l

Victims of Violence Assistance

Donations to this fund will be used to provide services and aid to victims of crime. If you wish to make a contribution to this fund, enter a dollar amount.

Line 1m

Alabama Military Support Foundation

This fund was established to promote better relations between employers and National Guard/Reserve members. If you wish to make a contribution to this fund, enter a dollar amount.

Line 1n

Alabama Veterinary Medical Foundation Spay/Neuter Program

This fund provides assistance to low income residents to spay or neuter their dog or cat. If you wish to make a contribution to this program, enter a dollar amount.

Line 1o

Cancer Research Institute

This fund was established to improve cancer survival rates for patients through research aimed at increasing prevention and treatment. If you wish to make a contribution to this program, enter a dollar amount.

Line 1p

Alabama Association of Rescue Squads

This fund provides training to member rescue squads and inspections to insure that member's equipment and buildings meet standards. If you wish to make a contribution to this program, enter a dollar amount.

Line 1q

USS Alabama Battleship Commission

Donations to this fund will help in the preservation of the USS Alabama Battleship Memorial Park for future generations and to memorialize our Veterans of all branches of the US Armed Services. If you wish to make a contribution to this program, enter a dollar amount.

Line 1r

Children First Trust Fund

Your donations to this fund will go toward ensuring that all of Alabama's children are prepared for school success and lifelong learning through voluntary, diverse, high-quality early childhood programs. If you wish to make a contribution to this program, enter a dollar amount.

Instructions For Schedule D

Gain or (Loss) From Sale of Real Estate, Stocks, Bonds, Mutual Funds, Capital Gains, etc.

Purpose of Schedule

Use Schedule D (Form 40) to report the sale of real estate, stocks, bonds, etc.

Enter all sales for the entire year if you were a resident of Alabama for the entire year. If you were a resident of Alabama for only a part of the year, you should report all sales made during your period of residence.

If you sold property located in Alabama after you ceased to be a resident of Alabama, you should report the sales on Form 40NR, Nonresident Alabama Income Tax Return.

Under Alabama law the entire gain is taxable, and the entire loss is deductible in the year in which it occurs.

Mutual Funds. If you received a mutual fund or brokerage statement reporting capital or ordinary gains, you must include these amounts on Schedule D. List the mutual fund or brokerage firm's name in Column (a) Kind of Property and the net capital or ordinary gains in Column (h), Net Profit or (Loss).

Gain From Sale of a Personal Residence. If you sold your personal residence, any gain realized is taxable to the same extent as reported on your federal return.

NOTE: *A loss on the sale of a personal residence is NOT deductible.*

Gain or (Loss) From Sale of Business Property. If you sold business property use Schedule D to report the net gain (or loss). You should complete Federal Form 4797 and attach a copy to your Alabama return.

State the following facts: (a) For real estate (including owner-occupied residence) – location and description of land and improvements; (b) for bonds or other evidence of indebtedness – name of issuing corporation, particular issue, denomination, and amount; (c) for stocks – name of corporation, class of stock, number of shares, and capital changes affecting basis (including nontaxable distributions). If more space is needed, use separate sheets with identical columnar headings (a) through (h) inclusive.

Cost or Other Basis. Act 85-515, known as the Corporate Income Tax Act of 1985, conformed certain rules concerning the determination of basis in assets acquired to the federal income tax rules.

The basis for computing gain or loss from the sale or other disposition of property will usually be the cost of such property. You may have to use a basis other than actual cost if you acquired the property by bequest, gift, or involuntary conversion. If you do not use cash cost, please attach an explanation of your basis.

The basis of property **acquired prior to December 31, 1932**, shall be the fair market value on December 31, 1932.

Gifts or Transfer in Trust. The basis of property acquired by gift or transfer in trust depends upon the date acquired.

If property was acquired by gift or transfer in trust **on or after December 31, 1932 and prior to March 15, 1985**, the basis shall be the fair market value on the date of acquisition.

If **acquired by gift on or after March 15, 1985**, the basis shall be the same as it would be in the hands of the donor or the preceding owner by whom it was not acquired by gift (except that if such basis is greater than the fair market value of the property at the time of the gift, then for the purpose of determining loss, the basis shall be the fair market value).

If the property was **acquired by a transfer in trust** (other than a transfer in trust by gift, bequest, or devise) **on or after March 15, 1985**, the basis shall be the same as it would be in the hands of the grantor, increased in the amount of gain, or decreased in the amount of loss, recognized to the grantor of such transfer.

Property Transmitted at Death. Basis shall be the fair and reasonable market value of the property at the time of death of the decedent.

The value of property as of the date of the decedent's death as appraised for the purpose of the federal estate tax or the alternate value as appraised for such purpose, whichever is applicable, shall be deemed to be its fair market value for Alabama income tax purposes.

Involuntary Conversion. If a taxpayer elects to determine gain under 26 U.S.C. §1033 (relating to involuntary conversions), the amount of gain recognized for Alabama purposes shall be determined in accordance with the same federal statute.

Installment Sales. Alabama law was changed to conform the Alabama code to the federal law regarding the installment method of reporting income. For taxable years beginning after **December 31, 1984**, income arising from an installment sale shall be reported in accordance with Internal Revenue Code Section 453 with the exception of 453(i) which deals with the recognition of recapture income.

Sales of property under revolving credit plans and sales of stock, securities, and other property traded on established markets can no longer be reported on the installment method effective for sales made after 1987.

Instructions For Schedule E

Supplemental Income

Purpose of Schedule

Use Schedule E to report income or (loss) from rents, royalties, partnerships, S corporations, estates, and trusts.

Part I

Rental and Royalty Income or (Loss)

If you receive rent from property owned or controlled by you, or royalties from copyrights, mineral leases, and similar rights, report the total amount received in Part I, columns (A) through (C). If property other than cash was received as rent, its fair market value should be reported.

Line 1. Indicate the kind of rental real estate property you rented out (brick house, apartment complex, etc). Include the street address, city, or town, and state, and your percentage of ownership in the property if less than 100%.

Line 2. Check "Yes" if you or your family used the unit this year for personal purposes more than the greater of: 14 days; or 10% of the total days it was rented to others at a fair rental price. Otherwise, check "No."

Lines 3 & 4. If you receive rent from property owned or controlled by you, or royalties from copyrights, min-

eral leases, and similar rights, report the total amount received in Part I, columns (A) through (C). If property other than cash was received as rent, its fair market value should be reported.

Lines 5-18. Enter your rental and royalty expenses for each property in the appropriate column. You can deduct all ordinary and necessary expenses, such as taxes, interest, repairs, insurance, management fees, and agent's commissions. Do Not deduct the value of your own labor or amounts paid for capital investments or capital improvements.

Line 20 Depreciation. A reasonable allowance for the exhaustion, wear, and obsolescence of property used in a trade or business, or of property held by the taxpayer for the production of income shall be allowed as a depreciation deduction. The allowance does not apply to inventories or stock-in-trade nor to land apart from the improvements or physical development added to it.

Depreciation computed using the Accelerated Cost Recovery System for assets placed in service on or after January 1, 1981, and before January 1, 1987, in the same manner with the same limitations provided for federal income tax returns will be considered to be a "reasonable allowance" for Alabama purposes.

For assets placed in service after December 31, 1986, depreciation using the Modified Accelerated Cost Recovery System provided for in I.R.C. §168 (as modified by §201(a) of P.L. 99-514) will be considered a reasonable allowance for depreciation.

For taxable years beginning after December 31, 1989, Alabama will allow the depreciation allowed by Federal 26 U.S.C. §179.

Depletion. A depletion expense deduction is allowable in computing net royalty income from mines, oil wells, and gas wells.

In the case of oil and gas wells, the allowance for depletion shall be 12 percent of the gross income from the property during the taxable year, excluding from such gross income an amount equal to any rents or royalties paid or incurred by the taxpayer in respect to the property. Such amounts shall not exceed 50 percent of the net income of the taxpayer, computed without allowance for depletion, from the property, except that in no case shall the depletion allowance be less than the amount allowable under federal income tax law.

Part II

Income or (Loss) From Partnerships, S Corporations, Estates, and Trusts

If you received income from a partnership, S corporation, estate, or trust, the amounts should be reported in Part II, column (j). The name and address must be given in column (g) showing the source of the income received. Check column (h), and enter the FEIN in column (i).

Partnerships. A partnership does not pay income tax in the firm's name. If you are a member of a partnership or joint venture, include in this part your share of the partnership income (whether you received it or not) or net loss (not to exceed your basis) for the partnership tax year that ends during the year covered by your return. You should receive a Schedule K-1 from the partnership advising you of the amount to report.

S Corporations. An "Alabama S corporation" is a corporation with respect to which an election under 26 U.S.C. §1362 is in effect.

If you are a shareholder of an S corporation, you should receive a Schedule K-1 from the S corporation. Report your pro rata share of the income (whether you received it or not) or net loss **(not to exceed your basis)** of the corporation as shown on your Schedule K-1.

Information from your partnership or S corporation K-1's should be reported as follows:

Line F. Pass-through entity owners who are individuals would claim this amount on Schedule OC and/or Schedule NTC of Form 40 or Form 40NR. Refer to Schedule K-1 Instructions on page 1, Line F instructions for applicable codes and ordering of credits.

Line G. Pass-through entity owners that are individuals would report this amount on Schedule E of the Alabama Form 40 or Alabama Form 40NR.

Line H. Pass-through entity owners that are individuals would report this amount on Schedule E of the Alabama Form 40 or Alabama Form 40NR.

Line I. Partnerships K-1 only: Pass-through entity owners that are individuals would report this amount on Schedule E of the Alabama Form 40 or Alabama Form 40NR.

Line J. Pass-through entity owners that are individuals would report this amount on the appropriate schedule of the Alabama Form 40 or Alabama Form 40NR filed by the individual, depending upon the nature of the portfolio income. Accompanying the Alabama Schedule K-1 should be an explanation of the different types and amounts of portfolio income making up the amount on Line J.

Line K. Pass-through entity owners that are individuals would report this amount on Schedule E of the Alabama Form 40 or Alabama Form 40NR.

Line L. Pass-through entity owners that are individuals would report this amount on Schedule E of the Alabama Form 40 or Alabama Form 40NR.

Line M. Pass-through entity owners that are individuals would report or claim these items on the appropriate schedule of the Alabama Form 40 or Alabama Form 40NR, filed by the individual, depending upon the nature of the nonbusiness item. Accompanying the Alabama Schedule K-1 should be an explanation of the different types and amounts of other separately stated business items making up the amount on Line M.

Line N. Pass-through entity owners that are individuals would claim this amount on the Form 4562, Depreciation and Amortization, which accompanies the individual's Alabama Form 40 or Alabama Form 40NR.

Line O. Pass-through entity owners that are individuals would claim this amount on Schedule A of the Alabama Form 40 or Alabama Form 40NR.

Line P. Pass-through entity owners that are individuals would report this amount on the Alabama Form 4952A that accompanies the individuals Alabama Form 40 or Alabama Form 40NR.

Line Q. Pass-through entity owners that are individuals would report or claim these items on the appropriate schedule of the Alabama Form 40 or Alabama Form 40NR, filed by the individual, depending upon the nature of the other deductions.

Line R. Pass-through entity owners that are individuals should claim this amount on Schedule E of the Alabama Form 40 or Alabama Form 40NR. Accompanying the Alabama Schedule K-1 should be a computation of the amount reported on Line R. Alabama income tax law concerning oil and gas depletion differs from the federal law. Care should be exercised in claiming this deduction to ensure that the proper amount is deducted.

Line S. Pass-through entity owners that are individuals would claim this amount on the Form 4684 that accompanies the Alabama Form 40 or Alabama Form 40NR.

Line T. Pass-through entity owners that are individuals are encouraged to disclose the amount of Alabama exempt income on the Alabama Form 40 or Alabama Form 40NR, filed by the individual. Accompanying the Alabama Schedule K-1 should be an explanation showing the different types of Alabama exempt income items and amounts making up the amount reported on Line T.

Line U. Pass-through entity owners that are individuals are encouraged to disclose the amount of nondeductible expenses on the Alabama Form 40 or Alabama Form 40NR, filed by the individual.

Line V. Pass-through entity owners that are individuals would report the portion of this amount that represents reportable income on the Schedule D accompanying the Alabama Form 40 or Alabama Form 40NR. Accompanying the Alabama Schedule K-1 should be a detailed explanation of the amount on Line V.

Line W. Pass-through entity owners that are individuals would report this amount on the Alabama Form 4952A that accompanies the individuals Alabama Form 40 or Alabama Form 40NR.

Line X. Pass-through entity owners that are individuals would report this amount on the Alabama Form 4952A that accompanies the individuals Alabama Form 40 or Alabama Form 40NR.

Line Y. Pass-through entity owners that are individuals would report or claim these items on the appropriate schedule of the Alabama Form 40 or Alabama Form 40NR, filed by the individual, depending upon the nature of the other items. Accompanying the Alabama Schedule K-1 should be an explanation of the different types and amounts of other items making up the amount on Line Y.

Line Z. Pass-through entity owners that are individuals would claim this amount on the Alabama Form 40NR.

Line AA. S Corporation K-1 only: These dividends should be reported to shareholders on Form 1099-DIV. Pass-through entity owners that are individuals would report this amount on the appropriate schedule of the Alabama Form 40 or Alabama Form 40NR filed by the individual. Pass-through entity owners that are individuals would report this amount on the Alabama Form 40 or Alabama Form 40NR.

Line AB. S Corporation K-1 only: Pass-through entity owners that are individuals would report the portion of this amount that represents reportable income on the Schedule D accompanying the Alabama Form 40 or Alabama Form 40NR. Accompanying the Alabama Schedule K-1 should be a detailed explanation of the amount on Line AB.

Line AC. S Corporation K-1 only.

Estates and Trusts. If you are a beneficiary of an estate or trust, you should receive a statement from the fiduciary advising you of the amount to report. **Do not** attach the statement to your return. Keep it for your records. Report your taxable part of the income (whether you received it or not) in Part II.

NOTE: *A loss from an irrevocable trust cannot be claimed on Schedule E part II. See administrative rule 810-3-25-.05(b)*

Tax Table
(Form 40)

Based on Taxable Income

This tax table is based on the taxable income shown on line 16 of Form 40 and the filing status you checked on lines 1, 2, 3, or 4 of your return.

EXAMPLE:

Mr. and Mrs. Brown are filing a joint return and checked box 2 on their return. Their taxable income on line 16 of Form 40 is $23,360. First, they find the $23,300 - $23,400 income line. Next, they find the column for married filing jointly and read down the column. The amount shown where the income line and the filing status column meet is $1,088. This is the amount they must write on line 17 of Form 40.

At least	But less than	Single ✱ Married filing separately ✱ Head of family	Married filing jointly
		Your tax is—	
$23,000			
23,000	**23,100**	1,113	1,073
23,100	**23,200**	1,118	1,078
23,200	**23,300**	1,123	1,083
23,300	**23,400**	1,128	1,088
23,400	**23,500**	1,133	1,093

If taxable income is —		And you are —	
At least	But less than	Single ✱ Married filing separately ✱ Head of family	Married filing jointly
		Your tax is —	
Under $1,000			
0	50	0	0
50	100	1	1
100	200	3	3
200	300	5	5
300	400	7	7
400	500	9	9
500	600	12	11
600	700	16	13
700	800	20	15
800	900	24	17
900	1,000	28	19
1,000			
1,000	1,100	32	22
1,100	1,200	36	26
1,200	1,300	40	30
1,300	1,400	44	34
1,400	1,500	48	38
1,500	1,600	52	42
1,600	1,700	56	46
1,700	1,800	60	50
1,800	1,900	64	54
1,900	2,000	68	58
2,000			
2,000	2,100	72	62
2,100	2,200	76	66
2,200	2,300	80	70
2,300	2,400	84	74
2,400	2,500	88	78
2,500	2,600	92	82
2,600	2,700	96	86
2,700	2,800	100	90
2,800	2,900	104	94
2,900	3,000	108	98
3,000			
3,000	3,100	113	102
3,100	3,200	118	106
3,200	3,300	123	110
3,300	3,400	128	114
3,400	3,500	133	118
3,500	3,600	138	122
3,600	3,700	143	126
3,700	3,800	148	130
3,800	3,900	153	134
3,900	4,000	158	138

If taxable income is —		And you are —	
At least	But less than	Single ✱ Married filing separately ✱ Head of family	Married filing jointly
		Your tax is —	
4,000			
4,000	4,100	163	142
4,100	4,200	168	146
4,200	4,300	173	150
4,300	4,400	178	154
4,400	4,500	183	158
4,500	4,600	188	162
4,600	4,700	193	166
4,700	4,800	198	170
4,800	4,900	203	174
4,900	5,000	208	178
5,000			
5,000	5,100	213	182
5,100	5,200	218	186
5,200	5,300	223	190
5,300	5,400	228	194
5,400	5,500	233	198
5,500	5,600	238	202
5,600	5,700	243	206
5,700	5,800	248	210
5,800	5,900	253	214
5,900	6,000	258	218
6,000			
6,000	6,100	263	223
6,100	6,200	268	228
6,200	6,300	273	233
6,300	6,400	278	238
6,400	6,500	283	243
6,500	6,600	288	248
6,600	6,700	293	253
6,700	6,800	298	258
6,800	6,900	303	263
6,900	7,000	308	268
7,000			
7,000	7,100	313	273
7,100	7,200	318	278
7,200	7,300	323	283
7,300	7,400	328	288
7,400	7,500	333	293
7,500	7,600	338	298
7,600	7,700	343	303
7,700	7,800	348	308
7,800	7,900	353	313
7,900	8,000	358	318

If taxable income is —		And you are —	
At least	But less than	Single ✱ Married filing separately ✱ Head of family	Married filing jointly
		Your tax is —	
8,000			
8,000	8,100	363	323
8,100	8,200	368	328
8,200	8,300	373	333
8,300	8,400	378	338
8,400	8,500	383	343
8,500	8,600	388	348
8,600	8,700	393	353
8,700	8,800	398	358
8,800	8,900	403	363
8,900	9,000	408	368
9,000			
9,000	9,100	413	373
9,100	9,200	418	378
9,200	9,300	423	383
9,300	9,400	428	388
9,400	9,500	433	393
9,500	9,600	438	398
9,600	9,700	443	403
9,700	9,800	448	408
9,800	9,900	453	413
9,900	10,000	458	418
10,000			
10,000	10,100	463	423
10,100	10,200	468	428
10,200	10,300	473	433
10,300	10,400	478	438
10,400	10,500	483	443
10,500	10,600	488	448
10,600	10,700	493	453
10,700	10,800	498	458
10,800	10,900	503	463
10,900	11,000	508	468
11,000			
11,000	11,100	513	473
11,100	11,200	518	478
11,200	11,300	523	483
11,300	11,400	528	488
11,400	11,500	533	493
11,500	11,600	538	498
11,600	11,700	543	503
11,700	11,800	548	508
11,800	11,900	553	513
11,900	12,000	558	518

If taxable income is —		And you are —	
At least	But less than	Single ✱ Married filing separately ✱ Head of family	Married filing jointly
		Your tax is —	
12,000			
12,000	12,100	563	523
12,100	12,200	568	528
12,200	12,300	573	533
12,300	12,400	578	538
12,400	12,500	583	543
12,500	12,600	588	548
12,600	12,700	593	553
12,700	12,800	598	558
12,800	12,900	603	563
12,900	13,000	608	568
13,000			
13,000	13,100	613	573
13,100	13,200	618	578
13,200	13,300	623	583
13,300	13,400	628	588
13,400	13,500	633	593
13,500	13,600	638	598
13,600	13,700	643	603
13,700	13,800	648	608
13,800	13,900	653	613
13,900	14,000	658	618
14,000			
14,000	14,100	663	623
14,100	14,200	668	628
14,200	14,300	673	633
14,300	14,400	678	638
14,400	14,500	683	643
14,500	14,600	688	648
14,600	14,700	693	653
14,700	14,800	698	658
14,800	14,900	703	663
14,900	15,000	708	668
15,000			
15,000	15,100	713	673
15,100	15,200	718	678
15,200	15,300	723	683
15,300	15,400	728	688
15,400	15,500	733	693
15,500	15,600	738	698
15,600	15,700	743	703
15,700	15,800	748	708
15,800	15,900	753	713
15,900	16,000	758	718

Tax Table – *Continued*

If taxable income is — At least	But less than	And you are — Single ✱ Married filing separately ✱ Head of family	Married filing jointly
		Your tax is —	
16,000			
16,000	16,100	763	723
16,100	16,200	768	728
16,200	16,300	773	733
16,300	16,400	778	738
16,400	16,500	783	743
16,500	16,600	788	748
16,600	16,700	793	753
16,700	16,800	798	758
16,800	16,900	803	763
16,900	17,000	808	768
17,000			
17,000	17,100	813	773
17,100	17,200	818	778
17,200	17,300	823	783
17,300	17,400	828	788
17,400	17,500	833	793
17,500	17,600	838	798
17,600	17,700	843	803
17,700	17,800	848	808
17,800	17,900	853	813
17,900	18,000	858	818
18,000			
18,000	18,100	863	823
18,100	18,200	868	828
18,200	18,300	873	833
18,300	18,400	878	838
18,400	18,500	883	843
18,500	18,600	888	848
18,600	18,700	893	853
18,700	18,800	898	858
18,800	18,900	903	863
18,900	19,000	908	868
19,000			
19,000	19,100	913	873
19,100	19,200	918	878
19,200	19,300	923	883
19,300	19,400	928	888
19,400	19,500	933	893
19,500	19,600	938	898
19,600	19,700	943	903
19,700	19,800	948	908
19,800	19,900	953	913
19,900	20,000	958	918
20,000			
20,000	20,100	963	923
20,100	20,200	968	928
20,200	20,300	973	933
20,300	20,400	978	938
20,400	20,500	983	943
20,500	20,600	988	948
20,600	20,700	993	953
20,700	20,800	998	958
20,800	20,900	1,003	963
20,900	21,000	1,008	968

If taxable income is — At least	But less than	And you are — Single ✱ Married filing separately ✱ Head of family	Married filing jointly
		Your tax is —	
21,000			
21,000	21,100	1,013	973
21,100	21,200	1,018	978
21,200	21,300	1,023	983
21,300	21,400	1,028	988
21,400	21,500	1,033	993
21,500	21,600	1,038	998
21,600	21,700	1,043	1,003
21,700	21,800	1,048	1,008
21,800	21,900	1,053	1,013
21,900	22,000	1,058	1,018
22,000			
22,000	22,100	1,063	1,023
22,100	22,200	1,068	1,028
22,200	22,300	1,073	1,033
22,300	22,400	1,078	1,038
22,400	22,500	1,083	1,043
22,500	22,600	1,088	1,048
22,600	22,700	1,093	1,053
22,700	22,800	1,098	1,058
22,800	22,900	1,103	1,063
22,900	23,000	1,108	1,068
23,000			
23,000	23,100	1,113	1,073
23,100	23,200	1,118	1,078
23,200	23,300	1,123	1,083
23,300	23,400	1,128	1,088
23,400	23,500	1,133	1,093
23,500	23,600	1,138	1,098
23,600	23,700	1,143	1,103
23,700	23,800	1,148	1,108
23,800	23,900	1,153	1,113
23,900	24,000	1,158	1,118
24,000			
24,000	24,100	1,163	1,123
24,100	24,200	1,168	1,128
24,200	24,300	1,173	1,133
24,300	24,400	1,178	1,138
24,400	24,500	1,183	1,143
24,500	24,600	1,188	1,148
24,600	24,700	1,193	1,153
24,700	24,800	1,198	1,158
24,800	24,900	1,203	1,163
24,900	25,000	1,208	1,168
25,000			
25,000	25,100	1,213	1,173
25,100	25,200	1,218	1,178
25,200	25,300	1,223	1,183
25,300	25,400	1,228	1,188
25,400	25,500	1,233	1,193
25,500	25,600	1,238	1,198
25,600	25,700	1,243	1,203
25,700	25,800	1,248	1,208
25,800	25,900	1,253	1,213
25,900	26,000	1,258	1,218

If taxable income is — At least	But less than	And you are — Single ✱ Married filing separately ✱ Head of family	Married filing jointly
		Your tax is —	
26,000			
26,000	26,100	1,263	1,223
26,100	26,200	1,268	1,228
26,200	26,300	1,273	1,233
26,300	26,400	1,278	1,238
26,400	26,500	1,283	1,243
26,500	26,600	1,288	1,248
26,600	26,700	1,293	1,253
26,700	26,800	1,298	1,258
26,800	26,900	1,303	1,263
26,900	27,000	1,308	1,268
27,000			
27,000	27,100	1,313	1,273
27,100	27,200	1,318	1,278
27,200	27,300	1,323	1,283
27,300	27,400	1,328	1,288
27,400	27,500	1,333	1,293
27,500	27,600	1,338	1,298
27,600	27,700	1,343	1,303
27,700	27,800	1,348	1,308
27,800	27,900	1,353	1,313
27,900	28,000	1,358	1,318
28,000			
28,000	28,100	1,363	1,323
28,100	28,200	1,368	1,328
28,200	28,300	1,373	1,333
28,300	28,400	1,378	1,338
28,400	28,500	1,383	1,343
28,500	28,600	1,388	1,348
28,600	28,700	1,393	1,353
28,700	28,800	1,398	1,358
28,800	28,900	1,403	1,363
28,900	29,000	1,408	1,368
29,000			
29,000	29,100	1,413	1,373
29,100	29,200	1,418	1,378
29,200	29,300	1,423	1,383
29,300	29,400	1,428	1,388
29,400	29,500	1,433	1,393
29,500	29,600	1,438	1,398
29,600	29,700	1,443	1,403
29,700	29,800	1,448	1,408
29,800	29,900	1,453	1,413
29,900	30,000	1,458	1,418
30,000			
30,000	30,100	1,463	1,423
30,100	30,200	1,468	1,428
30,200	30,300	1,473	1,433
30,300	30,400	1,478	1,438
30,400	30,500	1,483	1,443
30,500	30,600	1,488	1,448
30,600	30,700	1,493	1,453
30,700	30,800	1,498	1,458
30,800	30,900	1,503	1,463
30,900	31,000	1,508	1,468

If taxable income is — At least	But less than	And you are — Single ✱ Married filing separately ✱ Head of family	Married filing jointly
		Your tax is —	
31,000			
31,000	31,100	1,513	1,473
31,100	31,200	1,518	1,478
31,200	31,300	1,523	1,483
31,300	31,400	1,528	1,488
31,400	31,500	1,533	1,493
31,500	31,600	1,538	1,498
31,600	31,700	1,543	1,503
31,700	31,800	1,548	1,508
31,800	31,900	1,553	1,513
31,900	32,000	1,558	1,518
32,000			
32,000	32,100	1,563	1,523
32,100	32,200	1,568	1,528
32,200	32,300	1,573	1,533
32,300	32,400	1,578	1,538
32,400	32,500	1,583	1,543
32,500	32,600	1,588	1,548
32,600	32,700	1,593	1,553
32,700	32,800	1,598	1,558
32,800	32,900	1,603	1,563
32,900	33,000	1,608	1,568
33,000			
33,000	33,100	1,613	1,573
33,100	33,200	1,618	1,578
33,200	33,300	1,623	1,583
33,300	33,400	1,628	1,588
33,400	33,500	1,633	1,593
33,500	33,600	1,638	1,598
33,600	33,700	1,643	1,603
33,700	33,800	1,648	1,608
33,800	33,900	1,653	1,613
33,900	34,000	1,658	1,618
34,000			
34,000	34,100	1,663	1,623
34,100	34,200	1,668	1,628
34,200	34,300	1,673	1,633
34,300	34,400	1,678	1,638
34,400	34,500	1,683	1,643
34,500	34,600	1,688	1,648
34,600	34,700	1,693	1,653
34,700	34,800	1,698	1,658
34,800	34,900	1,703	1,663
34,900	35,000	1,708	1,668
35,000			
35,000	35,100	1,713	1,673
35,100	35,200	1,718	1,678
35,200	35,300	1,723	1,683
35,300	35,400	1,728	1,688
35,400	35,500	1,733	1,693
35,500	35,600	1,738	1,698
35,600	35,700	1,743	1,703
35,700	35,800	1,748	1,708
35,800	35,900	1,753	1,713
35,900	36,000	1,758	1,718

Tax Table – *Continued*

If taxable income is — At least	But less than	And you are — Single ✱ Married filing separately ✱ Head of family	Married filing jointly
		Your tax is —	
36,000			
36,000	36,100	1,763	1,723
36,100	36,200	1,768	1,728
36,200	36,300	1,773	1,733
36,300	36,400	1,778	1,738
36,400	36,500	1,783	1,743
36,500	36,600	1,788	1,748
36,600	36,700	1,793	1,753
36,700	36,800	1,798	1,758
36,800	36,900	1,803	1,763
36,900	37,000	1,808	1,768
37,000			
37,000	37,100	1,813	1,773
37,100	37,200	1,818	1,778
37,200	37,300	1,823	1,783
37,300	37,400	1,828	1,788
37,400	37,500	1,833	1,793
37,500	37,600	1,838	1,798
37,600	37,700	1,843	1,803
37,700	37,800	1,848	1,808
37,800	37,900	1,853	1,813
37,900	38,000	1,858	1,818
38,000			
38,000	38,100	1,863	1,823
38,100	38,200	1,868	1,828
38,200	38,300	1,873	1,833
38,300	38,400	1,878	1,838
38,400	38,500	1,883	1,843
38,500	38,600	1,888	1,848
38,600	38,700	1,893	1,853
38,700	38,800	1,898	1,858
38,800	38,900	1,903	1,863
38,900	39,000	1,908	1,868
39,000			
39,000	39,100	1,913	1,873
39,100	39,200	1,918	1,878
39,200	39,300	1,923	1,883
39,300	39,400	1,928	1,888
39,400	39,500	1,933	1,893
39,500	39,600	1,938	1,898
39,600	39,700	1,943	1,903
39,700	39,800	1,948	1,908
39,800	39,900	1,953	1,913
39,900	40,000	1,958	1,918
40,000			
40,000	40,100	1,963	1,923
40,100	40,200	1,968	1,928
40,200	40,300	1,973	1,933
40,300	40,400	1,978	1,938
40,400	40,500	1,983	1,943
40,500	40,600	1,988	1,948
40,600	40,700	1,993	1,953
40,700	40,800	1,998	1,958
40,800	40,900	2,003	1,963
40,900	41,000	2,008	1,968

If taxable income is — At least	But less than	And you are — Single ✱ Married filing separately ✱ Head of family	Married filing jointly
		Your tax is —	
41,000			
41,000	41,100	2,013	1,973
41,100	41,200	2,018	1,978
41,200	41,300	2,023	1,983
41,300	41,400	2,028	1,988
41,400	41,500	2,033	1,993
41,500	41,600	2,038	1,998
41,600	41,700	2,043	2,003
41,700	41,800	2,048	2,008
41,800	41,900	2,053	2,013
41,900	42,000	2,058	2,018
42,000			
42,000	42,100	2,063	2,023
42,100	42,200	2,068	2,028
42,200	42,300	2,073	2,033
42,300	42,400	2,078	2,038
42,400	42,500	2,083	2,043
42,500	42,600	2,088	2,048
42,600	42,700	2,093	2,053
42,700	42,800	2,098	2,058
42,800	42,900	2,103	2,063
42,900	43,000	2,108	2,068
43,000			
43,000	43,100	2,113	2,073
43,100	43,200	2,118	2,078
43,200	43,300	2,123	2,083
43,300	43,400	2,128	2,088
43,400	43,500	2,133	2,093
43,500	43,600	2,138	2,098
43,600	43,700	2,143	2,103
43,700	43,800	2,148	2,108
43,800	43,900	2,153	2,113
43,900	44,000	2,158	2,118
44,000			
44,000	44,100	2,163	2,123
44,100	44,200	2,168	2,128
44,200	44,300	2,173	2,133
44,300	44,400	2,178	2,138
44,400	44,500	2,183	2,143
44,500	44,600	2,188	2,148
44,600	44,700	2,193	2,153
44,700	44,800	2,198	2,158
44,800	44,900	2,203	2,163
44,900	45,000	2,208	2,168
45,000			
45,000	45,100	2,213	2,173
45,100	45,200	2,218	2,178
45,200	45,300	2,223	2,183
45,300	45,400	2,228	2,188
45,400	45,500	2,233	2,193
45,500	45,600	2,238	2,198
45,600	45,700	2,243	2,203
45,700	45,800	2,248	2,208
45,800	45,900	2,253	2,213
45,900	46,000	2,258	2,218

If taxable income is — At least	But less than	And you are — Single ✱ Married filing separately ✱ Head of family	Married filing jointly
		Your tax is —	
46,000			
46,000	46,100	2,263	2,223
46,100	46,200	2,268	2,228
46,200	46,300	2,273	2,233
46,300	46,400	2,278	2,238
46,400	46,500	2,283	2,243
46,500	46,600	2,288	2,248
46,600	46,700	2,293	2,253
46,700	46,800	2,298	2,258
46,800	46,900	2,303	2,263
46,900	47,000	2,308	2,268
47,000			
47,000	47,100	2,313	2,273
47,100	47,200	2,318	2,278
47,200	47,300	2,323	2,283
47,300	47,400	2,328	2,288
47,400	47,500	2,333	2,293
47,500	47,600	2,338	2,298
47,600	47,700	2,343	2,303
47,700	47,800	2,348	2,308
47,800	47,900	2,353	2,313
47,900	48,000	2,358	2,318
48,000			
48,000	48,100	2,363	2,323
48,100	48,200	2,368	2,328
48,200	48,300	2,373	2,333
48,300	48,400	2,378	2,338
48,400	48,500	2,383	2,343
48,500	48,600	2,388	2,348
48,600	48,700	2,393	2,353
48,700	48,800	2,398	2,358
48,800	48,900	2,403	2,363
48,900	49,000	2,408	2,368
49,000			
49,000	49,100	2,413	2,373
49,100	49,200	2,418	2,378
49,200	49,300	2,423	2,383
49,300	49,400	2,428	2,388
49,400	49,500	2,433	2,393
49,500	49,600	2,438	2,398
49,600	49,700	2,443	2,403
49,700	49,800	2,448	2,408
49,800	49,900	2,453	2,413
49,900	50,000	2,458	2,418
50,000			
50,000	50,100	2,463	2,423
50,100	50,200	2,468	2,428
50,200	50,300	2,473	2,433
50,300	50,400	2,478	2,438
50,400	50,500	2,483	2,443
50,500	50,600	2,488	2,448
50,600	50,700	2,493	2,453
50,700	50,800	2,498	2,458
50,800	50,900	2,503	2,463
50,900	51,000	2,508	2,468

If taxable income is — At least	But less than	And you are — Single ✱ Married filing separately ✱ Head of family	Married filing jointly
		Your tax is —	
51,000			
51,000	51,100	2,513	2,473
51,100	51,200	2,518	2,478
51,200	51,300	2,523	2,483
51,300	51,400	2,528	2,488
51,400	51,500	2,533	2,493
51,500	51,600	2,538	2,498
51,600	51,700	2,543	2,503
51,700	51,800	2,548	2,508
51,800	51,900	2,553	2,513
51,900	52,000	2,558	2,518
52,000			
52,000	52,100	2,563	2,523
52,100	52,200	2,568	2,528
52,200	52,300	2,573	2,533
52,300	52,400	2,578	2,538
52,400	52,500	2,583	2,543
52,500	52,600	2,588	2,548
52,600	52,700	2,593	2,553
52,700	52,800	2,598	2,558
52,800	52,900	2,603	2,563
52,900	53,000	2,608	2,568
53,000			
53,000	53,100	2,613	2,573
53,100	53,200	2,618	2,578
53,200	53,300	2,623	2,583
53,300	53,400	2,628	2,588
53,400	53,500	2,633	2,593
53,500	53,600	2,638	2,598
53,600	53,700	2,643	2,603
53,700	53,800	2,648	2,608
53,800	53,900	2,653	2,613
53,900	54,000	2,658	2,618
54,000			
54,000	54,100	2,663	2,623
54,100	54,200	2,668	2,628
54,200	54,300	2,673	2,633
54,300	54,400	2,678	2,638
54,400	54,500	2,683	2,643
54,500	54,600	2,688	2,648
54,600	54,700	2,693	2,653
54,700	54,800	2,698	2,658
54,800	54,900	2,703	2,663
54,900	55,000	2,708	2,668
55,000			
55,000	55,100	2,713	2,673
55,100	55,200	2,718	2,678
55,200	55,300	2,723	2,683
55,300	55,400	2,728	2,688
55,400	55,500	2,733	2,693
55,500	55,600	2,738	2,698
55,600	55,700	2,743	2,703
55,700	55,800	2,748	2,708
55,800	55,900	2,753	2,713
55,900	56,000	2,758	2,718

Tax Table – *Continued*

If taxable income is — At least	But less than	And you are — Single ✱ Married filing separately ✱ Head of family	Married filing jointly
		Your tax is —	
56,000			
56,000	56,100	2,763	2,723
56,100	56,200	2,768	2,728
56,200	56,300	2,773	2,733
56,300	56,400	2,778	2,738
56,400	56,500	2,783	2,743
56,500	56,600	2,788	2,748
56,600	56,700	2,793	2,753
56,700	56,800	2,798	2,758
56,800	56,900	2,803	2,763
56,900	57,000	2,808	2,768
57,000			
57,000	57,100	2,813	2,773
57,100	57,200	2,818	2,778
57,200	57,300	2,823	2,783
57,300	57,400	2,828	2,788
57,400	57,500	2,833	2,793
57,500	57,600	2,838	2,798
57,600	57,700	2,843	2,803
57,700	57,800	2,848	2,808
57,800	57,900	2,853	2,813
57,900	58,000	2,858	2,818
58,000			
58,000	58,100	2,863	2,823
58,100	58,200	2,868	2,828
58,200	58,300	2,873	2,833
58,300	58,400	2,878	2,838
58,400	58,500	2,883	2,843
58,500	58,600	2,888	2,848
58,600	58,700	2,893	2,853
58,700	58,800	2,898	2,858
58,800	58,900	2,903	2,863
58,900	59,000	2,908	2,868
59,000			
59,000	59,100	2,913	2,873
59,100	59,200	2,918	2,878
59,200	59,300	2,923	2,883
59,300	59,400	2,928	2,888
59,400	59,500	2,933	2,893
59,500	59,600	2,938	2,898
59,600	59,700	2,943	2,903
59,700	59,800	2,948	2,908
59,800	59,900	2,953	2,913
59,900	60,000	2,958	2,918
60,000			
60,000	60,100	2,963	2,923
60,100	60,200	2,968	2,928
60,200	60,300	2,973	2,933
60,300	60,400	2,978	2,938
60,400	60,500	2,983	2,943
60,500	60,600	2,988	2,948
60,600	60,700	2,993	2,953
60,700	60,800	2,998	2,958
60,800	60,900	3,003	2,963
60,900	61,000	3,008	2,968

If taxable income is — At least	But less than	And you are — Single ✱ Married filing separately ✱ Head of family	Married filing jointly
		Your tax is —	
61,000			
61,000	61,100	3,013	2,973
61,100	61,200	3,018	2,978
61,200	61,300	3,023	2,983
61,300	61,400	3,028	2,988
61,400	61,500	3,033	2,993
61,500	61,600	3,038	2,998
61,600	61,700	3,043	3,003
61,700	61,800	3,048	3,008
61,800	61,900	3,053	3,013
61,900	62,000	3,058	3,018
62,000			
62,000	62,100	3,063	3,023
62,100	62,200	3,068	3,028
62,200	62,300	3,073	3,033
62,300	62,400	3,078	3,038
62,400	62,500	3,083	3,043
62,500	62,600	3,088	3,048
62,600	62,700	3,093	3,053
62,700	62,800	3,098	3,058
62,800	62,900	3,103	3,063
62,900	63,000	3,108	3,068
63,000			
63,000	63,100	3,113	3,073
63,100	63,200	3,118	3,078
63,200	63,300	3,123	3,083
63,300	63,400	3,128	3,088
63,400	63,500	3,133	3,093
63,500	63,600	3,138	3,098
63,600	63,700	3,143	3,103
63,700	63,800	3,148	3,108
63,800	63,900	3,153	3,113
63,900	64,000	3,158	3,118
64,000			
64,000	64,100	3,163	3,123
64,100	64,200	3,168	3,128
64,200	64,300	3,173	3,133
64,300	64,400	3,178	3,138
64,400	64,500	3,183	3,143
64,500	64,600	3,188	3,148
64,600	64,700	3,193	3,153
64,700	64,800	3,198	3,158
64,800	64,900	3,203	3,163
64,900	65,000	3,208	3,168
65,000			
65,000	65,100	3,213	3,173
65,100	65,200	3,218	3,178
65,200	65,300	3,223	3,183
65,300	65,400	3,228	3,188
65,400	65,500	3,233	3,193
65,500	65,600	3,238	3,198
65,600	65,700	3,243	3,203
65,700	65,800	3,248	3,208
65,800	65,900	3,253	3,213
65,900	66,000	3,258	3,218

If taxable income is — At least	But less than	And you are — Single ✱ Married filing separately ✱ Head of family	Married filing jointly
		Your tax is —	
66,000			
66,000	66,100	3,263	3,223
66,100	66,200	3,268	3,228
66,200	66,300	3,273	3,233
66,300	66,400	3,278	3,238
66,400	66,500	3,283	3,243
66,500	66,600	3,288	3,248
66,600	66,700	3,293	3,253
66,700	66,800	3,298	3,258
66,800	66,900	3,303	3,263
66,900	67,000	3,308	3,268
67,000			
67,000	67,100	3,313	3,273
67,100	67,200	3,318	3,278
67,200	67,300	3,323	3,283
67,300	67,400	3,328	3,288
67,400	67,500	3,333	3,293
67,500	67,600	3,338	3,298
67,600	67,700	3,343	3,303
67,700	67,800	3,348	3,308
67,800	67,900	3,353	3,313
67,900	68,000	3,358	3,318
68,000			
68,000	68,100	3,363	3,323
68,100	68,200	3,368	3,328
68,200	68,300	3,373	3,333
68,300	68,400	3,378	3,338
68,400	68,500	3,383	3,343
68,500	68,600	3,388	3,348
68,600	68,700	3,393	3,353
68,700	68,800	3,398	3,358
68,800	68,900	3,403	3,363
68,900	69,000	3,408	3,368
69,000			
69,000	69,100	3,413	3,373
69,100	69,200	3,418	3,378
69,200	69,300	3,423	3,383
69,300	69,400	3,428	3,388
69,400	69,500	3,433	3,393
69,500	69,600	3,438	3,398
69,600	69,700	3,443	3,403
69,700	69,800	3,448	3,408
69,800	69,900	3,453	3,413
69,900	70,000	3,458	3,418
70,000			
70,000	70,100	3,463	3,423
70,100	70,200	3,468	3,428
70,200	70,300	3,473	3,433
70,300	70,400	3,478	3,438
70,400	70,500	3,483	3,443
70,500	70,600	3,488	3,448
70,600	70,700	3,493	3,453
70,700	70,800	3,498	3,458
70,800	70,900	3,503	3,463
70,900	71,000	3,508	3,468

If taxable income is — At least	But less than	And you are — Single ✱ Married filing separately ✱ Head of family	Married filing jointly
		Your tax is —	
71,000			
71,000	71,100	3,513	3,473
71,100	71,200	3,518	3,478
71,200	71,300	3,523	3,483
71,300	71,400	3,528	3,488
71,400	71,500	3,533	3,493
71,500	71,600	3,538	3,498
71,600	71,700	3,543	3,503
71,700	71,800	3,548	3,508
71,800	71,900	3,553	3,513
71,900	72,000	3,558	3,518
72,000			
72,000	72,100	3,563	3,523
72,100	72,200	3,568	3,528
72,200	72,300	3,573	3,533
72,300	72,400	3,578	3,538
72,400	72,500	3,583	3,543
72,500	72,600	3,588	3,548
72,600	72,700	3,593	3,553
72,700	72,800	3,598	3,558
72,800	72,900	3,603	3,563
72,900	73,000	3,608	3,568
73,000			
73,000	73,100	3,613	3,573
73,100	73,200	3,618	3,578
73,200	73,300	3,623	3,583
73,300	73,400	3,628	3,588
73,400	73,500	3,633	3,593
73,500	73,600	3,638	3,598
73,600	73,700	3,643	3,603
73,700	73,800	3,648	3,608
73,800	73,900	3,653	3,613
73,900	74,000	3,658	3,618
74,000			
74,000	74,100	3,663	3,623
74,100	74,200	3,668	3,628
74,200	74,300	3,673	3,633
74,300	74,400	3,678	3,638
74,400	74,500	3,683	3,643
74,500	74,600	3,688	3,648
74,600	74,700	3,693	3,653
74,700	74,800	3,698	3,658
74,800	74,900	3,703	3,663
74,900	75,000	3,708	3,668
75,000			
75,000	75,100	3,713	3,673
75,100	75,200	3,718	3,678
75,200	75,300	3,723	3,683
75,300	75,400	3,728	3,688
75,400	75,500	3,733	3,693
75,500	75,600	3,738	3,698
75,600	75,700	3,743	3,703
75,700	75,800	3,748	3,708
75,800	75,900	3,753	3,713
75,900	76,000	3,758	3,718

Tax Table – *Continued*

If taxable income is — At least	But less than	And you are — Single ∗ Married filing separately ∗ Head of family	Married filing jointly
		Your tax is —	
76,000			
76,000	76,100	3,763	3,723
76,100	76,200	3,768	3,728
76,200	76,300	3,773	3,733
76,300	76,400	3,778	3,738
76,400	76,500	3,783	3,743
76,500	76,600	3,788	3,748
76,600	76,700	3,793	3,753
76,700	76,800	3,798	3,758
76,800	76,900	3,803	3,763
76,900	77,000	3,808	3,768
77,000			
77,000	77,100	3,813	3,773
77,100	77,200	3,818	3,778
77,200	77,300	3,823	3,783
77,300	77,400	3,828	3,788
77,400	77,500	3,833	3,793
77,500	77,600	3,838	3,798
77,600	77,700	3,843	3,803
77,700	77,800	3,848	3,808
77,800	77,900	3,853	3,813
77,900	78,000	3,858	3,818
78,000			
78,000	78,100	3,863	3,823
78,100	78,200	3,868	3,828
78,200	78,300	3,873	3,833
78,300	78,400	3,878	3,838
78,400	78,500	3,883	3,843
78,500	78,600	3,888	3,848
78,600	78,700	3,893	3,853
78,700	78,800	3,898	3,858
78,800	78,900	3,903	3,863
78,900	79,000	3,908	3,868
79,000			
79,000	79,100	3,913	3,873
79,100	79,200	3,918	3,878
79,200	79,300	3,923	3,883
79,300	79,400	3,928	3,888
79,400	79,500	3,933	3,893
79,500	79,600	3,938	3,898
79,600	79,700	3,943	3,903
79,700	79,800	3,948	3,908
79,800	79,900	3,953	3,913
79,900	80,000	3,958	3,918
80,000			
80,000	80,100	3,963	3,923
80,100	80,200	3,968	3,928
80,200	80,300	3,973	3,933
80,300	80,400	3,978	3,938
80,400	80,500	3,983	3,943
80,500	80,600	3,988	3,948
80,600	80,700	3,993	3,953
80,700	80,800	3,998	3,958
80,800	80,900	4,003	3,963
80,900	81,000	4,008	3,968

If taxable income is — At least	But less than	And you are — Single ∗ Married filing separately ∗ Head of family	Married filing jointly
		Your tax is —	
81,000			
81,000	81,100	4,013	3,973
81,100	81,200	4,018	3,978
81,200	81,300	4,023	3,983
81,300	81,400	4,028	3,988
81,400	81,500	4,033	3,993
81,500	81,600	4,038	3,998
81,600	81,700	4,043	4,003
81,700	81,800	4,048	4,008
81,800	81,900	4,053	4,013
81,900	82,000	4,058	4,018
82,000			
82,000	82,100	4,063	4,023
82,100	82,200	4,068	4,028
82,200	82,300	4,073	4,033
82,300	82,400	4,078	4,038
82,400	82,500	4,083	4,043
82,500	82,600	4,088	4,048
82,600	82,700	4,093	4,053
82,700	82,800	4,098	4,058
82,800	82,900	4,103	4,063
82,900	83,000	4,108	4,068
83,000			
83,000	83,100	4,113	4,073
83,100	83,200	4,118	4,078
83,200	83,300	4,123	4,083
83,300	83,400	4,128	4,088
83,400	83,500	4,133	4,093
83,500	83,600	4,138	4,098
83,600	83,700	4,143	4,103
83,700	83,800	4,148	4,108
83,800	83,900	4,153	4,113
83,900	84,000	4,158	4,118
84,000			
84,000	84,100	4,163	4,123
84,100	84,200	4,168	4,128
84,200	84,300	4,173	4,133
84,300	84,400	4,178	4,138
84,400	84,500	4,183	4,143
84,500	84,600	4,188	4,148
84,600	84,700	4,193	4,153
84,700	84,800	4,198	4,158
84,800	84,900	4,203	4,163
84,900	85,000	4,208	4,168
85,000			
85,000	85,100	4,213	4,173
85,100	85,200	4,218	4,178
85,200	85,300	4,223	4,183
85,300	85,400	4,228	4,188
85,400	85,500	4,233	4,193
85,500	85,600	4,238	4,198
85,600	85,700	4,243	4,203
85,700	85,800	4,248	4,208
85,800	85,900	4,253	4,213
85,900	86,000	4,258	4,218

If taxable income is — At least	But less than	And you are — Single ∗ Married filing separately ∗ Head of family	Married filing jointly
		Your tax is —	
86,000			
86,000	86,100	4,263	4,223
86,100	86,200	4,268	4,228
86,200	86,300	4,273	4,233
86,300	86,400	4,278	4,238
86,400	86,500	4,283	4,243
86,500	86,600	4,288	4,248
86,600	86,700	4,293	4,253
86,700	86,800	4,298	4,258
86,800	86,900	4,303	4,263
86,900	87,000	4,308	4,268
87,000			
87,000	87,100	4,313	4,273
87,100	87,200	4,318	4,278
87,200	87,300	4,323	4,283
87,300	87,400	4,328	4,288
87,400	87,500	4,333	4,293
87,500	87,600	4,338	4,298
87,600	87,700	4,343	4,303
87,700	87,800	4,348	4,308
87,800	87,900	4,353	4,313
87,900	88,000	4,358	4,318
88,000			
88,000	88,100	4,363	4,323
88,100	88,200	4,368	4,328
88,200	88,300	4,373	4,333
88,300	88,400	4,378	4,338
88,400	88,500	4,383	4,343
88,500	88,600	4,388	4,348
88,600	88,700	4,393	4,353
88,700	88,800	4,398	4,358
88,800	88,900	4,403	4,363
88,900	89,000	4,408	4,368
89,000			
89,000	89,100	4,413	4,373
89,100	89,200	4,418	4,378
89,200	89,300	4,423	4,383
89,300	89,400	4,428	4,388
89,400	89,500	4,433	4,393
89,500	89,600	4,438	4,398
89,600	89,700	4,443	4,403
89,700	89,800	4,448	4,408
89,800	89,900	4,453	4,413
89,900	90,000	4,458	4,418
90,000			
90,000	90,100	4,463	4,423
90,100	90,200	4,468	4,428
90,200	90,300	4,473	4,433
90,300	90,400	4,478	4,438
90,400	90,500	4,483	4,443
90,500	90,600	4,488	4,448
90,600	90,700	4,493	4,453
90,700	90,800	4,498	4,458
90,800	90,900	4,503	4,463
90,900	91,000	4,508	4,468

If taxable income is — At least	But less than	And you are — Single ∗ Married filing separately ∗ Head of family	Married filing jointly
		Your tax is —	
91,000			
91,000	91,100	4,513	4,473
91,100	91,200	4,518	4,478
91,200	91,300	4,523	4,483
91,300	91,400	4,528	4,488
91,400	91,500	4,533	4,493
91,500	91,600	4,538	4,498
91,600	91,700	4,543	4,503
91,700	91,800	4,548	4,508
91,800	91,900	4,553	4,513
91,900	92,000	4,558	4,518
92,000			
92,000	92,100	4,563	4,523
92,100	92,200	4,568	4,528
92,200	92,300	4,573	4,533
92,300	92,400	4,578	4,538
92,400	92,500	4,583	4,543
92,500	92,600	4,588	4,548
92,600	92,700	4,593	4,553
92,700	92,800	4,598	4,558
92,800	92,900	4,603	4,563
92,900	93,000	4,608	4,568
93,000			
93,000	93,100	4,613	4,573
93,100	93,200	4,618	4,578
93,200	93,300	4,623	4,583
93,300	93,400	4,628	4,588
93,400	93,500	4,633	4,593
93,500	93,600	4,638	4,598
93,600	93,700	4,643	4,603
93,700	93,800	4,648	4,608
93,800	93,900	4,653	4,613
93,900	94,000	4,658	4,618
94,000			
94,000	94,100	4,663	4,623
94,100	94,200	4,668	4,628
94,200	94,300	4,673	4,633
94,300	94,400	4,678	4,638
94,400	94,500	4,683	4,643
94,500	94,600	4,688	4,648
94,600	94,700	4,693	4,653
94,700	94,800	4,698	4,658
94,800	94,900	4,703	4,663
94,900	95,000	4,708	4,668
95,000			
95,000	95,100	4,713	4,673
95,100	95,200	4,718	4,678
95,200	95,300	4,723	4,683
95,300	95,400	4,728	4,688
95,400	95,500	4,733	4,693
95,500	95,600	4,738	4,698
95,600	95,700	4,743	4,703
95,700	95,800	4,748	4,708
95,800	95,900	4,753	4,713
95,900	96,000	4,758	4,718

Tax Table – *Continued*

If taxable income is — At least	But less than	And you are — Single ∗ Married filing separately ∗ Head of family	Married filing jointly
		Your tax is —	
96,000			
96,000	96,100	4,763	4,723
96,100	96,200	4,768	4,728
96,200	96,300	4,773	4,733
96,300	96,400	4,778	4,738
96,400	96,500	4,783	4,743
96,500	96,600	4,788	4,748
96,600	96,700	4,793	4,753
96,700	96,800	4,798	4,758
96,800	96,900	4,803	4,763
96,900	97,000	4,808	4,768

If taxable income is — At least	But less than	And you are — Single ∗ Married filing separately ∗ Head of family	Married filing jointly
		Your tax is —	
97,000			
97,000	97,100	4,813	4,773
97,100	97,200	4,818	4,778
97,200	97,300	4,823	4,783
97,300	97,400	4,828	4,788
97,400	97,500	4,833	4,793
97,500	97,600	4,838	4,798
97,600	97,700	4,843	4,803
97,700	97,800	4,848	4,808
97,800	97,900	4,853	4,813
97,900	98,000	4,858	4,818

If taxable income is — At least	But less than	And you are — Single ∗ Married filing separately ∗ Head of family	Married filing jointly
		Your tax is —	
98,000			
98,000	98,100	4,863	4,823
98,100	98,200	4,868	4,828
98,200	98,300	4,873	4,833
98,300	98,400	4,878	4,838
98,400	98,500	4,883	4,843
98,500	98,600	4,888	4,848
98,600	98,700	4,893	4,853
98,700	98,800	4,898	4,858
98,800	98,900	4,903	4,863
98,900	99,000	4,908	4,868

If taxable income is — At least	But less than	And you are — Single ∗ Married filing separately ∗ Head of family	Married filing jointly
		Your tax is —	
99,000			
99,000	99,100	4,913	4,873
99,100	99,200	4,918	4,878
99,200	99,300	4,923	4,883
99,300	99,400	4,928	4,888
99,400	99,500	4,933	4,893
99,500	99,600	4,938	4,898
99,600	99,700	4,943	4,903
99,700	99,800	4,948	4,908
99,800	99,900	4,953	4,913
99,900	100,000	4,958	4,918

Over $100,000.00

If taxable income is over $100,000, use the following worksheet to figure your tax.

- **Single**
- **Married filing separately**
- **Head of family**

1 Enter taxable income . . _____

2 Less . . . . . – 100,000.00
3 Subtract line 2 from line 1 . . . . . _____
4 Multiply line 3 by .05 . . x .05

5 Enter result here . . . . . _____
6 Plus . . . . . + 4,958.00
7 Add lines 5 and 6.
Your tax is. . . . . ▶ _____

- **Married filing jointly**

1 Enter taxable income . . _____

2 Less . . . . . – 100,000.00
3 Subtract line 2 from line 1 . . . . . _____
4 Multiply line 3 by .05 . . x .05

5 Enter result here . . . . . _____
6 Plus . . . . . + 4,918.00
7 Add lines 5 and 6.
Your tax is. . . . . ▶ _____

My Alabama Taxes (MAT)

You can file your Alabama Resident and Non-Resident returns online through My Alabama Taxes (MAT) at no charge.

This option is available to all taxpayers filing an Alabama Individual Income tax return. Please visit http://revenue.alabama.gov/eservices/mat-signup-help.cfm to sign up and get started filling out your return.

The Alabama Department of Revenue offers several methods for filing your 2019 Individual Income Tax Return.

Federal/State Electronic Filing Program
Your professional tax practitioner can file both your Federal and State returns by using the E-File Program or can print a 2-D Barcode for you.

Free Filing of Federal/State Return
Free electronic filing of your Alabama and Federal Income Tax Returns are provided for low income wage earners, senior citizens, students, and active duty military personnel. For more information on the qualifications, visit our website at **http://www.revenue.alabama.gov/incometax/freefile_online.cfm.**

Federal/State On-Line Filing Program
You can file your own Federal and State return on-line by purchasing the program from a local retailer or going to **https://revenue.alabama.gov/individual-corporate/approved-software-vendors/** to see a listing of Approved On-Line Service Providers. If you do not want to file electronically, these programs will print out a 2-D Barcode.

2-D Barcode Filing Program
All the programs above should produce a 2-D Barcode for you. Also, you can print a 2-D Barcode by using our fillable Form 40 or Form 40NR which you can obtain at **https://revenue.alabama.gov/forms/?d=individual-corp**. After you fill out the form and print it, a 2-D Barcode will be produced on the top of the form. You can still mail your return, but use of the 2-D Barcode will ensure faster processing.

OTHER FILING OPTIONS:
VITA/AARP/IMPACT ALABAMA
Free tax help and electronic filing of your Federal and State returns for low to moderate income taxpayers, people age 60 and older and military families is provided by the VITA, AARP, or IMPACT ALABAMA volunteers. For more information, visit our website at **https://revenue.alabama.gov/individual-corporate/assistance-for-taxpayers/**.

How To Obtain Forms

To obtain instructions, schedules and forms visit our Web site at: **www.revenue.alabama.gov**. Additional booklets, forms, and schedules are listed below. Certain booklets may be obtained by visiting the Alabama Taxpayer Service Center nearest you.

BOOKLETS

Form 40 Booklet. This booklet contains the following forms and schedules with instructions: Form 40, Schedules A, B, DC, CR, D, E, W-2, DS, HOF, NTC and Form 40V.

Form 40NR Booklet. This booklet contains the following forms and schedules with instructions: Form 40NR, Schedules A, B, D, E, W-2, DS, HOF, NTC, and Form 40V.

FORMS

Form 40 Individual Income Tax Return for full year residents of Alabama and also part-year residents of Alabama.

Form 40A Individual Income Tax Return (Short Form) for full year residents of Alabama.

Form 40NR Nonresident Individual Income Tax Return for nonresidents of Alabama.

Form 40ES to make estimated tax payments.

SCHEDULES

Schedule A, B, & DC – for itemized deductions, interest and dividend income, and donation check-offs.

Schedule CR – for computation of credit for taxes paid to other states.

Schedule D&E – for reporting income from the sale or exchange of capital assets, and for reporting income from rents, royalties, partnerships, estates, and trusts.

Schedule AAC – for computation of Alabama adoption tax credit.

Schedule ATC – for computation of apprenticeship tax credit.

Schedule AATC – for computation of the credit for transferring a student from a failing public school to a non-failing public school or non-public school and/or credit for contributing to a scholarship granting organization.

Schedule AJA – for computation of Alabama jobs act investment credit.

Schedule ANM – for computation of Alabama new markets development credit.

Schedule ARA – for computation of Alabama renewal act credit.

Schedule DEC – for computation of career technical dual enrollment credit.

Schedule DS – form must be completed to receive proper credit for dependents claimed on Form 40 and 40NR.

Schedule HOF – form must be completed to receive proper credit for head of family claimed on Form 40 and 40NR

Schedule HTC – for computation of historic tax rehabilitation credit.

Schedule IRC – for computation of irrigation/reservoir credit.

Schedule NTC – for computation of the net tax due.

Schedule OC – for computation of other available credits.

Schedule RC – for computation of refundable credits.

Schedule SBA – for computation of small business and agribusiness jobs credit.

Schedule W-2 – form must be completed to receive proper credit for Alabama income tax withheld on Forms 40A, 40, and 40NR.

Schedule KRCC-I – for reporting the recepient's share of Capital Credit for Individual Taxpayers.

NOTE:

Alabama does not provide the following forms and schedules and requests that the appropriate federal schedule be used making the modifications as required by Alabama law.

Schedule C for reporting income from a personally owned business.

Schedule F for reporting income from farming.

Form 2106 for claiming employee business expenses.

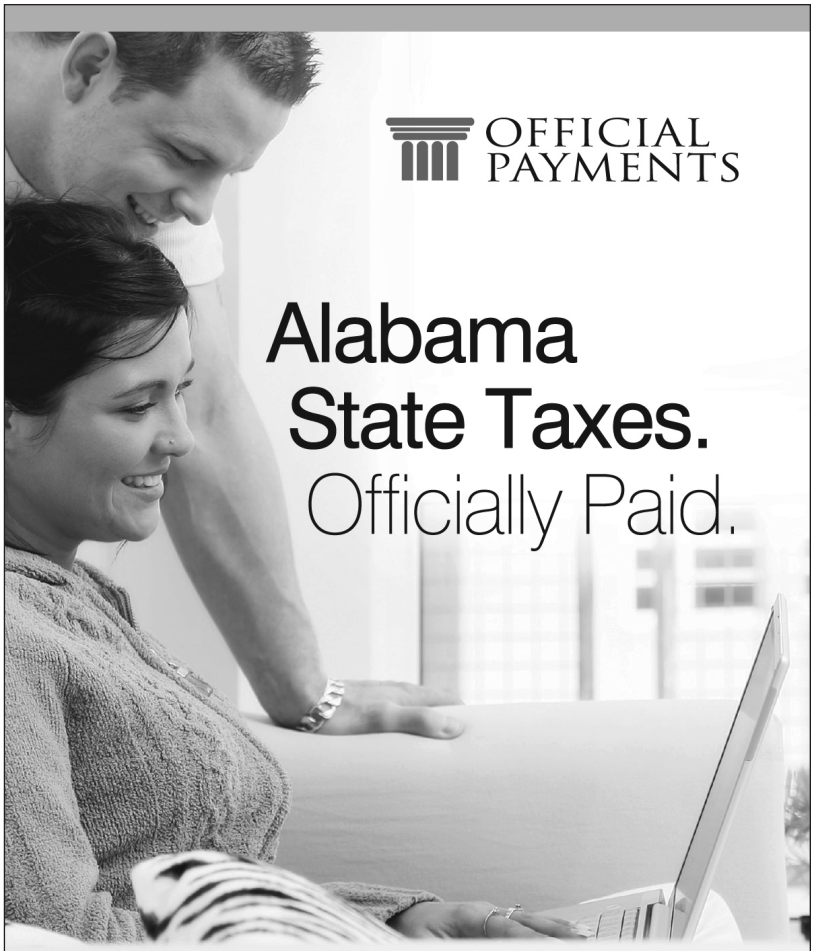
Form 3903 for claiming moving expenses.

Form 4684 for reporting casualty and theft losses.

Form 4797 for reporting sale of business property.

Form 6252 for reporting installment sale income.

Form 8283 for reporting noncash contributions.



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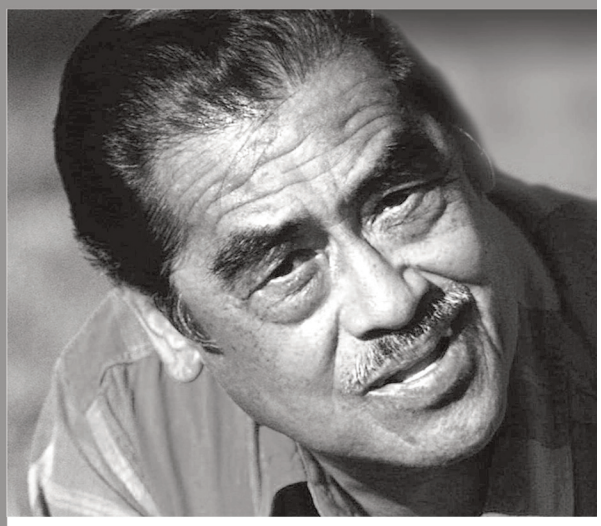

DO YOU, OR SOMEONE IN YOUR HOUSEHOLD, PARTICIPATE IN ANY OF THESE PROGRAMS?

- Medicaid
- Food Stamps
- Supplemental Security Income (SSI)
- Section 8 Federal Public Housing Assistance (FPHA)
- Low Income Home Energy Assistance Program (LIHEAP)
- Temporary Assistance for Needy Families (TANF)

YOU MAY QUALIFY FOR THESE TWO SPECIAL PROGRAMS:

• LINK-UP

This program provides a discount on the cost of installing telephone service.

• LIFELINE

This program provides a discount on the cost of monthly telephone service.

For a complete set of terms for the Link-Up and Lifeline programs, call or visit your local telephone company. You may also contact any other eligible telecommunications company that is certified to provide service in Alabama by the Alabama Public Service Commission or the Federal Communications Commission.

Link-Up and Lifeline are part of the Federal Universal Service Fund program. The Federal Communications Commission introduced this program, and the Universal Service Administrative Company oversees it. The goal of Universal Service is to make sure consumers throughout the United States have essential telecommunications service.

To find out if you qualify for these programs, **call your local telephone company.** You may also call the Alabama Public Service Commission toll-free at

1-800-882-3919