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ALDOR Reminds Financial Institutions to Avoid Underpaying Excise Tax

MONTGOMERY, Aug. 5, 2021 – The law governing payment of Alabama’s Financial Institution Excise Tax changed in 2019, and affected financial institutions should take a closer look at their payments to ensure they aren’t underpaying and to avoid penalties and interest.

Enacted as Act 2019-284 and known as the Financial Institution Excise Tax Reform Act of 2019, the law imposed a requirement for making quarterly estimated payments of the annual tax liability for tax years beginning after Dec. 31, 2019. To account for the transition from the previous post-payment system for financial institutions, the Alabama Department of Revenue was authorized to waive both penalties and interest linked to unintentional underpayments of estimated tax payments occurring within the first two applicable tax years.

If you suspect that your financial institution has been or may be billed for underpaying the 2020 estimated tax payments, be sure to file a Request for Waiver of Penalty (Form PWR). Form PWR may be included with those 2020 Financial Institution Excise Tax returns that have not yet been filed, because of the extended due date, as well as the 2021 returns. ALDOR will waive both penalties and interest resulting from underpayments of estimated tax payments that were not attributable to an intentional disregard of the law. Form PWR can be found at:

<https://revenue.alabama.gov/wp-content/uploads/2020/09/fpwr0920.pdf>

If the annual Financial Institution Excise Tax return has already been filed, then the Form PWR may be mailed to P.O. Box 327439, Montgomery, AL 36132-7439.

Financial institutions that have questions should contact the Financial Institution Excise Tax section at 334-242-1200.

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