Line 2
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 you were charged for withdrawing funds from your time savings deposit before its maturity. Enter this amount on line 2, Column B only. (Be sure to include the interest income on Part I, line 1, column B.) Note: Penalties on early withdrawal from retirement plans are not deductible.

Line 3
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 3.

Line 4
Self-employed Health Insurance Deduction

Premiums paid for self-employed health insurance are deductible as an adjustment to income from “All sources” in Column B to the same extent as determined in accordance with the Internal Revenue Code Section 162.

The amount deductible in Column C is limited to premiums paid based on the percentage of Alabama self-employment income to total self-employment income.

Line 6
Certified Firefighter Health Insurance Premiums

Effective with tax year 2020, certified Alabama firefighters may deduct 100 percent of insurance premiums paid for cancer insurance coverage as defined in Act 2019-361, provided the premiums have not been deducted from federal gross income or are deductible under any other law. Insurance premiums paid with pre-tax dollars will not be deductible.

Line 7
Contributions to an Achieving a Better Life Experience (ABLE) savings account

Act 2021-514 allows an individual taxpayer to deduct contributions made on or after January 1, 2021 to an Alabama ABLE savings account, by or on behalf of such individual, of an amount up to five thousand dollars ($5,000) per year.