

ALABAMA

revenue.alabama.gov

Taxpayer Assistance: 1-334-242-1170

Refund Hot-line: 1-855-894-7391

Common Forms and Schedules

Resident- RET 40

Nonresident- RET 40NR

Part-Year Resident- RET 40 Line 1a)(p)art-year

Amended Return- Check the “Amended Return” box atop the RET-40.

Common Credits and Deductions

- **Credit for Taxes paid to another State-** a State Tax Credit to reduce tax liability from the taxpayer’s state of residence, by giving them a credit for taxes paid to a nonresident/Part-Year Resident State. *Add SCH CR from the State Forms List -> Enter Nonresident state abbreviation on line 1 -> Allowable Credit will calculate on Line 5.*
- **Itemized vs. Standard Deduction-** Alabama allows the larger of Alabama Itemized Deductions or the Alabama Standard Deduction. It is not necessary to use the same method used on the federal return. For couples filing separately, both spouses must use the same method. Make sure to enter all Itemized deductions on the Federal Schedule A even if the taxpayer is not itemizing on the Federal Return. The Itemized deductions will carry forward to the Alabama Schedule A as needed. The Standard Deduction for Alabama is on a sliding scale depending on the filing status and Adjusted Gross Income.

Common Tax Situations

- **Resident Military Pay-** If you are a resident of Alabama, you are subject to Alabama Income Tax on all income regardless of the source. This Includes Active Duty Military Pay no matter where it was earned.
- **Nonresident Military Pay-** If you are a nonresident of Alabama, stationed in Alabama whose only source of income is active duty Military Pay, you are not required to file an Alabama Return. If you have to file an Alabama Return, you would need to deduct the active duty military pay from the return.
- **Retirement-** Part of Retirement income from certain sources can be excluded from AL AGI if it is included in the list on the following website: revenue.alabama.gov/wp-content/uploads/2017/07/DEFINED.BEN_.pdf *On Form 40 Part 1 Other Income, Select the box on 5A for check if pension is fully non-taxable for Alabama.*

Return Mailing Addresses

Refund

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

Balance Due

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

Make checks payable to

Alabama Department of Revenue

*Mail Amended Tax Returns to the same addresses above



Extensions

Automatic Six-Month Extension to File: Individual Income Tax (Form 40, 40A, 40NR)

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, 2019. 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 April 15, 2019. 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. NOTE: No paper or electronic extension form is needed to be filed to obtain the automatic extension.

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Review State website for any updates to amounts



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Income Exempt from Alabama Income Taxation

- United States Civil Service 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).
- 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 Veterans 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.
- 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 correction officers of the State of Alabama.
- All retirement compensation received by an eligible fire fighter or a designated beneficiary from any Alabama fire fighting 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 twenty-five thousand dollars (\$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. Additional information can be found on the Exempt Severance Pay page.
- Beginning January 1, 1998, all tuition benefits received from the Alabama Prepaid Affordable College Tuition (PACT) program.
- Alabama 529 Savings Plan.