

2017

[www.revenue.alabama.gov](http://www.revenue.alabama.gov)

# Alabama

# Form 40A Booklet

■ Short Return ■ Full-Year Residents ■ Forms and Instructions



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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, Suite 808  
Opelika, 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,  
Suite 100, Bel Air Tower  
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](http://www.revenue.alabama.gov))  
50 North Ripley Street  
Montgomery, Alabama 36132

October 2, 2017

**JOE W. GARRETT, JR.**  
Deputy Commissioner

**CURTIS E. STEWART**  
Deputy Commissioner

**BRENDA R. COONE**  
Deputy Commissioner

**MICHAEL D. GAMBLE**  
Deputy Commissioner

Dear Taxpayer....

The Alabama Department of Revenue (ADOR) is breaking new ground with identity solutions partner MorphoTrust USA on a cutting-edge technology pilot that uses an electronic ID (eID) to secure state tax returns. The MorphoTrust® eID is the first and ONLY trusted online ID for securing your 2017 state tax refunds. Tax refund fraud is still a major challenge, bleeding billions of dollars from federal and state coffers and causing huge headaches for taxpayers who must spend months, and even years, reclaiming their identities. It is crucial that you protect yourself, and MorphoTrust® eID is one of the best ways to do so. Visit [alabamaeid.com](http://alabamaeid.com) today to learn more and create your eID.

One of ADOR's primary goals is to provide prompt and efficient services for the citizens of Alabama. We are continually updating our processes and developing new technology to meet our goals. This new technology is used to prevent identity theft and to process returns more efficiently. In doing so, valid returns are sometimes flagged and scrutinized to ensure that the information contained on the return was filed by the actual taxpayer and not someone trying to gain from using a stolen identity. While this may occasionally delay the processing of a return, the long term benefit is a more productive system with less chance of theft or compromise of your identity.

One way to speed up processing of your tax return is to electronically file using an approved Tax Software Provider or ADOR's online filing system My Alabama Taxes (MAT). My Alabama Taxes allows you to electronically file your Alabama income tax return free of charge, check the status of your refund, pay your taxes, and print copies of letters and tax returns associated with your accounts. Additionally, electronic filing prevents many of the more common errors such as missing names, addresses, social security numbers, wage and tax statements, incorrect computations, missing documents, and missing signatures.

While you do still have the option of filling out a paper return, paper returns require longer processing times than returns that are electronically filed. Plus, paper returns generally have higher chances of errors that may delay processing even longer. The most common error is writing an illegible or incorrect social security number on the return or a social security number that is different from the social security number on the attached W2 form.

We welcome any comments and suggestions you may have for any of our forms or instructions, or to improve the return process for all citizens of Alabama. If you need help in completing your return, or if you have a question about your tax return, please call or come by our Taxpayer Service Center in your area. The addresses and phone numbers are listed on page 2 for your convenience.

Thank you Alabama.

Vernon Barnett  
Commissioner

## Reminders For 2017

**My Alabama Taxes** – A new feature on our website that will allow taxpayers to electronically file their Alabama Tax returns free, view any tax debts, payments, print copies of letters, print copies of their tax returns and change their address. Go to [www.revenue.alabama.gov](http://www.revenue.alabama.gov) and click on the link for "My Alabama Taxes" to register.

**Electronic Filing** – Receive your refund faster by electronically filing your return. Electronic filing is now available for non-residents. Visit our website, or talk to your preparer for more information.

**Website** – Check out our updated website at [www.revenue.alabama.gov](http://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.

# Refund Status

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

## How To Use This Instruction Booklet

The instructions for Form 40A are divided into four 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.

If you follow the steps in Section 2 and the specific instructions in Section 3, you should be able to complete 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](http://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 refund checks 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 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 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 statement are attached. 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. Use the envelope you received with this booklet or follow the mailing instructions on your return.

**Filing More Than One Return.** File only one Form 40, 40A, 40NR or electronic return for each tax year. If it is necessary to amend your original return, for years prior to 2008 you must file Form 40X, Amended Alabama Income Tax Return. For a 2017 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, Alabama Department of Labor, the Administrative Office of Courts, the Alabama Medicaid Agency, the Alabama League of Municipalities or Association of County Commissions or local governmental entities, 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, your refund will be applied to that debt. See Setoff Debt Collection on page 13 for further information.

**Federal Refund Offset Program.** Your 2017 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 income was less than the amounts shown, you must file a return to get a refund if Alabama income tax was withheld from any payments made 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 return 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 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 regarding 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 his/her 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. If a return is required, 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, 2018, but no later than the due date of your federal return. If you file late you may have to pay penalties and interest. (See **Penalties and Interest** on page 12.) 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, 2018. 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 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.

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 12.)

## Which Form To File

### You MAY Use Form 40A If You Meet ALL Of 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 a loss from Schedules C, D, E, or F.
- 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.
- You are itemizing deductions.

### You MUST Use Form 40NR If:

- You are not a resident of Alabama, you received taxable income from Alabama sources or for performing services within Alabama, and your gross income from Alabama sources exceeds the allowable prorated personal exemption. Nonresidents must prorate the personal exemption. If your Alabama gross income exceeds the prorated amount, or filing jointly under the Military Spouses Relief Act, 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 non-residency.

## SECTION

# 2 Steps for Preparing Your Return

By following these five useful steps and reading the line-by-line 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** and/or **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.

## You Must File A Return If...

You were a:	and your marital status at the end of 2017 was:	and your filing status is:	and your gross income was at least:
<b>Full Year Resident</b>	Single (including divorced and legally separated)	Single Head of family	\$ 4,000 \$ 7,700
	Married and living with your spouse at the end of 2017 (or on the date your spouse died)	Married, joint return Married, separate return	\$10,500 \$ 5,250
<b>Part Year Resident</b>	Single (including divorced and legally separated)	Single Head of family	\$ 4,000 (while an Alabama resident) \$ 7,700 (while an Alabama resident)
	Married and living with your spouse at the end of 2017 (or on the date your spouse died)	Married, joint return Married, separate return	\$10,500 (while an Alabama resident) \$ 5,250 (while an Alabama resident)
<b>Nonresident</b>	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 2017 (or on the date your spouse died)	Married, joint return Married, separate return	

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, even if your return is prepared by someone else, **you are still responsible**.

## Step 2

### Obtain any forms or schedules you may need.

Before filling in your return, look it over to see if you need more forms or schedules.

If you think you will need any other forms, get them before you start to fill in your return. Our Alabama Taxpayer Service Centers (see page 2 of these instructions for addresses) can supply the additional forms you need. Also see page 22 for more information. **The fastest way to obtain forms is to download them from our Web site at [www.revenue.alabama.gov](http://www.revenue.alabama.gov).**

## Step 3

### Sign and date your return.

**Form 40A is not complete unless you sign it. Please sign 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 W-2 or 1099 forms to your return.

Attach the copy of Form W-2(s) marked "To Be Filed With Your State Income Tax return" to the front of your return.

## Step 5

### Before mailing your return.

If you owe tax, complete Form 40V. Before mailing your return, be sure to include a completed Form 40V along with your payment loose in the envelope.

Make sure you have an exact copy of your return for your records.

## 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
- 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. If you have not received your number before April 15, file your return and write "applied for" in the block for your social security number.

**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 may 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 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 10.**

### Married

#### Joint or Separate Returns?

**Joint Returns.** Most married couples will 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. The State of Alabama does recognize a common law marriage for income tax purposes. This only applies to common law marriages entered into before January 1, 2017. Common law marriages entered into January 1, 2017 and later are no longer recognized by the state of Alabama.

**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 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 2017, you can file a joint return for 2017. You can also file a joint return if your spouse died in 2018 before filing a 2017 return. For details on how to file a joint return, see **Death of Taxpayer** on page 12.

**If you check box 2, enter \$3,000 on line 10.**

**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 own 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 in the space provided. If your spouse is not required to file a return, attach a statement explaining why.

**If you check box 3, enter \$1,500 on line 10.**

### Head of Family

An individual shall be considered "Head of Family" if, and only if, such individual is not married at the close of the 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, 2017, you were unmarried or legally separated and meet either test 1 or test 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 you can claim as a dependent. (See definition of a dependent on page 10.)

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" as long as the home was that person's main home for the part of the year he or she was alive.

**If you check box 4, enter \$3,000 on line 10.**

### Income

All income is subject to Alabama personal 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 Form 40, 40A, or 40NR and related forms and schedules. You may need some of the forms and schedules listed below:

- Wages including salaries, fringe benefits, bonuses, commissions, fees, and tips.
- Dividends (Schedule B).
- Interest (Schedule B) 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.
- Original Issue Discount (Schedule B).
- Distributions from an Individual Retirement Arrangement (IRA) including SEPs and DEC's, 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 these 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 in 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, annuities, and endowments.
- Lump-sum distributions.
- 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 generally 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 officers and corrections officers of the State of Alabama.
- All retirement compensation received by an eligible peace officer or a designated beneficiary from any Alabama police retirement system.
- All retirement compensation received by an eligible fire fighter or a designated beneficiary from any Alabama firefighting agency.
- 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.
- Death benefits received by a designated beneficiary of a peace officer or fireman killed in the line of duty.
- 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 529 savings plan.
- 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, 2017, all income, interest, dividends, gains or benefits of any kind received from ABLE (Achieving Better Life Experience) savings account.

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## 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.

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## 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.

The amount shown in the box headed "State Wages" may not be the same as the amount taxable for federal purposes. Report all wages, salaries, and tips you received even if you do not have a Form W-2.

**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 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.*

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## 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, 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.

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## Line 6

### Interest and Dividend Income

If income from interest and dividends is more than \$1500, you cannot file Form 40A but must file Form 40.

## Line 8

### Standard Deduction

Use the chart on page 9 to determine your Standard Deduction and enter the amount on page 1, line 8.

## Line 9

### Federal Income Tax Deduction

See instructions for page 2, Part III on page 11.

**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, or if filing as a part year resident, the Federal income tax must be determined by a 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 10

### Personal Exemption

Enter the personal exemption from line 1, 2, 3, or 4. A dependent or student may take the personal exemption even if claimed as a dependent by someone else.

## Line 11

### Dependent Exemption

Complete page 2, Part II, and enter the amount from line 2 on page 1, line 11.

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

Amount on Page 1, Line 7	Dependent Exemption
0 - 20,000	1,000
20,001 - 100,000	500
Over 100,000	300

## Line 14

### Figuring Your Tax

Find the tax for the amount on line 13. Use the Tax Tables on pages 14 through 19.

## Line 15

### Consumer Use Tax

Review the purchases you made during 2017. 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 15 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 worksheet below. **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 1-1/2% 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 website at [www.revenue.alabama.gov](http://www.revenue.alabama.gov).

You can use either the Alabama Use Tax Table below 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.

## Alabama Use Tax Table for General Internet and Catalog Purchases

### Purchases Subject to Use Tax

At least	But less than	Use Tax Due
0	50	1
50	100	3
100	150	5
150	200	7
200	250	9
250	300	11
300	350	13
350	400	15
400	450	17
450	500	19
500	550	21
550	600	23
600	650	25
650	700	27
700	750	29
750	800	31
800	850	33
850	900	35
900	950	37
950	1,000	39
1,000	1,050	41
1,050	1,100	43
1,100	1,150	45
1,150	1,200	47
1,200	1,250	49

### Purchases Subject to Use Tax

At least	But less than	Use Tax Due
1,250	1,300	51
1,300	1,350	53
1,350	1,400	55
1,400	1,450	57
1,450	1,500	59
1,500	1,550	61
1,550	1,600	63
1,600	1,650	65
1,650	1,700	67
1,700	1,750	69
1,750	1,800	71
1,800	1,850	73
1,850	1,900	75
1,900	1,950	77
1,950	2,000	79
2,000	2,050	81
2,050	2,100	83
2,100	2,150	85
2,150	2,200	87
2,200	2,250	89
2,250	2,300	91
2,300	2,350	93
2,350	2,400	95
2,400	2,450	97
2,450	2,500	99

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



## 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 – 20,499	7,500	0 – 10,249	3,750	0 – 20,499	4,700	0 – 20,499	2,500
20,500 – 20,999	7,325	10,250 – 10,499	3,662	20,500 – 20,999	4,565	20,500 – 20,999	2,475
21,000 – 21,499	7,150	10,500 – 10,749	3,574	21,000 – 21,499	4,430	21,000 – 21,499	2,450
21,500 – 21,999	6,975	10,750 – 10,999	3,486	21,500 – 21,999	4,295	21,500 – 21,999	2,425
22,000 – 22,499	6,800	11,000 – 11,249	3,398	22,000 – 22,499	4,160	22,000 – 22,499	2,400
22,500 – 22,999	6,625	11,250 – 11,499	3,310	22,500 – 22,999	4,025	22,500 – 22,999	2,375
23,000 – 23,499	6,450	11,500 – 11,749	3,222	23,000 – 23,499	3,890	23,000 – 23,499	2,350
23,500 – 23,999	6,275	11,750 – 11,999	3,134	23,500 – 23,999	3,755	23,500 – 23,999	2,325
24,000 – 24,499	6,100	12,000 – 12,249	3,046	24,000 – 24,499	3,620	24,000 – 24,499	2,300
24,500 – 24,999	5,925	12,250 – 12,499	2,958	24,500 – 24,999	3,485	24,500 – 24,999	2,275
25,000 – 25,499	5,750	12,500 – 12,749	2,870	25,000 – 25,499	3,350	25,000 – 25,499	2,250
25,500 – 25,999	5,575	12,750 – 12,999	2,782	25,500 – 25,999	3,215	25,500 – 25,999	2,225
26,000 – 26,499	5,400	13,000 – 13,249	2,694	26,000 – 26,499	3,080	26,000 – 26,499	2,200
26,500 – 26,999	5,225	13,250 – 13,499	2,606	26,500 – 26,999	2,945	26,500 – 26,999	2,175
27,000 – 27,499	5,050	13,500 – 13,749	2,518	27,000 – 27,499	2,810	27,000 – 27,499	2,150
27,500 – 27,999	4,875	13,750 – 13,999	2,430	27,500 – 27,999	2,675	27,500 – 27,999	2,125
28,000 – 28,499	4,700	14,000 – 14,249	2,342	28,000 – 28,499	2,540	28,000 – 28,499	2,100
28,500 – 28,999	4,525	14,250 – 14,499	2,254	28,500 – 28,999	2,405	28,500 – 28,999	2,075
29,000 – 29,499	4,350	14,500 – 14,749	2,166	29,000 – 29,499	2,270	29,000 – 29,499	2,050
29,500 – 29,999	4,175	14,750 – 14,999	2,078	29,500 – 29,999	2,135	29,500 – 29,999	2,025
30,000 and over	4,000	15,000 and over	2,000	30,000 and over	2,000	30,000 and over	2,000

## Federal Income Tax Deduction Worksheet

1 Enter the tax as shown on line 56, Form 1040, line 37 on Form 1040A, line 10 on Form 1040EZ or line 53 on Form 1040NR .....	1		
2 Net Investment Income Tax. Enter amount from line 17, Form 8960 .....	2		
3 Federal Tax. Add lines 1 and 2 .....	3		
4 <b>a Earned income credit (EIC).</b> Enter the amount from line 66a, Form 1040, line 42a on Form 1040A or line 8a on Form 1040EZ .....	4a		
	4b		
	4c		
	4d		
5 Add lines 4a, b, c and d .....	5		
6 Subtract line 5 from line 3 and enter on line 12 on Form 40, line 9 Form 40A or line 4, Part IV, page 2 on Form 40NR. <b>If amount is negative enter zero.</b> .....	6		

## Alabama Use Tax Worksheet

*Report 2017 purchases for use in Alabama from out-of-state sellers on which tax was not collected by the seller.*

1. All purchases EXCEPT automotive vehicles and farm machinery .....
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 .....
3. Farm machinery or equipment and replacement parts thereof .....
4. **TOTAL TAX DUE (Total of Column C). Carry this amount to Form 40 line 15.** .....

Column A	Column B	Column C
Total Purchase Price	Tax Rate	Tax Due – (Multiply Col. A by Col. B)
	.04	
	.02	
	.015	

## Line 16

### 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 16a or 16b.

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.

The total amount entered on line 16a or 16b cannot exceed \$2 for a married couple filing a joint return, or \$1 for all other filers.

## Line 19

### Automatic Extension Payment

Enter on this line any payment you made on your Alabama automatic extension (Form 40V).

## Line 20

### 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 22

### Previous Refund

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

## Line 24

### Amount You Owe

If the amount on line 17 is larger than the amount on line 23, subtract line 23 from line 17 and enter the difference on line 24 — 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, daytime phone number, and "2017 Form 40A," and remit your payment with Form 40V. If paying by credit card, make sure you follow the credit card payment instructions. See below:



**Credit Card:** You can also pay your taxes due by credit card online at [www.officialpayments.com](http://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.payaltax.com](http://www.payaltax.com). 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?** You may pay by ACH Debit by going to [www.myalabamataxes.alabama.gov](http://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 12. 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*.

**NOTE:** Make sure you complete all fields on Form 40V so that your payment can be properly credited.

## Line 25

### Overpayment

If the amount on line 23 is more than the amount on line 17, subtract line 17 from line 23 and enter the difference on line 25 — this is the amount you overpaid.

## Line 26

### Donation of Refunds

Enter amount from page 2, Part IV, line 2.

**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 27

### Refunded to You

Subtract the amount on line 26 from the amount on line 25. You should receive a refund for the overpayment. See **When Should I Expect My Refund?** on page 4 of this booklet for more information about your refund.

## Sign Your Return

**Form 40A is not complete until you sign it. Please sign 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. If you are filing a joint return with your deceased spouse, see **Death of Taxpayer** on page 12.

**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 your 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, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)

■ Give you a copy of your return 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 num-

ber(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 along if there are any problems with processing your return.

## Where To File Form 40A

Mail your return to one of the addresses below:

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

**Alabama Department of Revenue**  
P.O. Box 327465  
Montgomery, AL 36132-7465

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

**Alabama Department of Revenue**  
P.O. Box 327477  
Montgomery, AL 36132-7477

Current year Form 40A returns should be mailed to one of the above addresses. Prior year Form 40A 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 General Information

**Part I (General Information)** must be completed by all taxpayers. Please follow the line-by-line instructions on Form 40A to complete this section.

## Page 2, Part II Dependents

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 also has one of the following relationships with the taxpayer:

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, or your spouse as a dependent under Alabama law.

**Birth or Death of Dependent.** You can take an ex-

emption for a dependent who was born or who died during 2017 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 2017. If you file a joint return, the support can be from you or your spouse. You **cannot** claim credit for a dependent if you gave 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 insurance, or funeral expenses.

**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 fill out (4) Did you provide more than one-half dependent's support.

## Line 1a

### Dependents

Column (1) Enter first and last name of each dependent.

Column (2) Enter social security number for each dependent regardless of the dependent's age.

Column (3) Enter your dependent's relationship to you.

Column (4) Enter yes or no to the question.

## Line 1b

Enter total number of dependents claimed.

## Line 2

Complete Part II and enter the amount from line 2 on page 1, line 11.

## Page 2, Part III Federal Tax Deduction

Use your 2017 federal income tax return and the worksheet on page 9 to determine your federal income tax deduction.

**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.

## Page 2, Part IV Donation Check-offs

You may elect to donate all or part of your overpay-

ment as shown on line 25 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 if you itemize deductions when you file your 2018 Alabama Income Tax Return. (**Caution:** When reporting your refund on your 2018 Federal return, you should report the amount of overpayment shown on line 25 before your donation.)

## 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

### Archives Services Fund

Your donations to this fund will be used to help pay the cost of providing services for maintaining historical records. 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 for 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.

## 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.

## Direct Deposit Information

We are currently working to implement direct deposit for all paper returns. However, for the 2017 tax year this option will be **available only for Alabama Form 40** Individual Returns. In order to receive a direct deposit refund, your paper return must be prepared using tax preparation software that utilizes **2-D Bar Code** technology.

## 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. The interest rate is the same as currently prescribed by the Internal Revenue Service. Any of the Alabama Taxpayer Service Centers listed on page 2 of this booklet can give you the current rate of interest at the time your return is filed.

**Failure To Timely File a Return.** Alabama law provides a penalty of 10% of the tax due or \$50.00, whichever is greater, if the return is filed late. This 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%.

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**NOTE:** If you include interest and/or either of these penalties with your payment, identify and enter these amounts on the bottom margin of Form 40A, page 1. **Do not** include interest or penalty amounts in "Amount You Owe" on line 19.

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**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 filing 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 the 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 who willfully fails to file the return is guilty of a misdemeanor and, if convicted, will 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 or the payment of any tax is guilty of a felony and, if convicted, will 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 Forms to: **Alabama Department of Revenue, Individual and Corporate Tax Division, P.O. Box 327410, Montgomery, AL 36132-7410.**

## Writing To The 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 10.)

## 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 6 years after the return was filed or 6 years after the due date of the return, whichever is later. **There is no period of limitation when a return is false or fraudulent, or when no return is filed. Therefore, we recommend that all records be kept for seven years.**

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 you prepare 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.

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**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.

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## 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.

## 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, 2018. 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 the federal return.

Except in cases where taxpayers are abroad, no ex-

tension 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 ad-

ministered by the Alabama Department of Human Resources, including the Child Support Act of 1979, Chapter 10 of Title 38.

- Any and all court fees/fines owed to the Administrative Office of Courts.
- Any local governmental entities.
- Any and all of the assistance programs administered by the Alabama Medicaid Agency.
- Overpayment of unemployment compensation.

If the Alabama Department of Human Resources, Department of Labor, the Alabama Medicaid Agency, or Administrative Office of Courts, the Alabama League of Municipalities or Association of County Commission, no-

tifies 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.

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**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 2017 federal or state refund will be taken to satisfy any outstanding liabilities owed to the State of Alabama or to the Internal Revenue Service.













**Tax Table – Continued**

If taxable income is —		And you are —		If taxable income is —		And you are —		If taxable income is —		And you are —		If taxable income is —		And you are —	
At least	But less than	Single *	Married filing jointly	At least	But less than	Single *	Married filing jointly	At least	But less than	Single *	Married filing jointly	At least	But less than	Single *	Married filing jointly
96,000		Your tax is —		97,000		Your tax is —		98,000		Your tax is —		99,000		Your tax is —	
96,000	96,100	4,763	4,723	97,000	97,100	4,813	4,773	98,000	98,100	4,863	4,823	99,000	99,100	4,913	4,873
96,100	96,200	4,768	4,728	97,100	97,200	4,818	4,778	98,100	98,200	4,868	4,828	99,100	99,200	4,918	4,878
96,200	96,300	4,773	4,733	97,200	97,300	4,823	4,783	98,200	98,300	4,873	4,833	99,200	99,300	4,923	4,883
96,300	96,400	4,778	4,738	97,300	97,400	4,828	4,788	98,300	98,400	4,878	4,838	99,300	99,400	4,928	4,888
96,400	96,500	4,783	4,743	97,400	97,500	4,833	4,793	98,400	98,500	4,883	4,843	99,400	99,500	4,933	4,893
96,500	96,600	4,788	4,748	97,500	97,600	4,838	4,798	98,500	98,600	4,888	4,848	99,500	99,600	4,938	4,898
96,600	96,700	4,793	4,753	97,600	97,700	4,843	4,803	98,600	98,700	4,893	4,853	99,600	99,700	4,943	4,903
96,700	96,800	4,798	4,758	97,700	97,800	4,848	4,808	98,700	98,800	4,898	4,858	99,700	99,800	4,948	4,908
96,800	96,900	4,803	4,763	97,800	97,900	4,853	4,813	98,800	98,900	4,903	4,863	99,800	99,900	4,953	4,913
96,900	97,000	4,808	4,768	97,900	98,000	4,858	4,818	98,900	99,000	4,908	4,868	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.** . . . . . ► \_\_\_\_\_

# Do you need **help** *paying for* **PHONE SERVICE?**

**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**

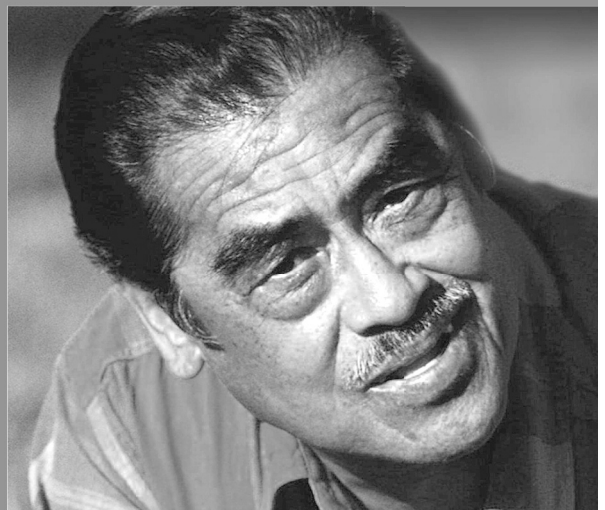
*This program provides a discount on the cost of installing telephone service.*

- **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**

# 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 2017 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](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/>.



# Alabama State Taxes. Officially Paid.

Pay your taxes online or by phone

[www.OfficialPayments.com](http://www.OfficialPayments.com)

**1-800-2PAY-TAX<sup>SM</sup>**  
(1-800-272-9829)



**Enjoy Convenience.** Pay your Alabama state taxes 24/7 – 365 days a year. It's fast and secure. You also can register for My Account to set up payment reminders, schedule automatic payments and view your payment history– not just for your Alabama taxes, but for your federal and local payments too. Visit [www.OfficialPayments.com](http://www.OfficialPayments.com) to register.

**Earn Rewards.** Use a credit or debit card to pay through Official Payments. You may earn a point, mile or money back. You may even gain a little extra time to pay. Visit [www.OfficialPayments.com/SpecialOffers](http://www.OfficialPayments.com/SpecialOffers) for special offers and promotions.

Official Payments charges a nominal fee for this service.

## How To Obtain Forms

To obtain instructions, schedules and forms visit our Web site at: [www.revenue.alabama.gov](http://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, NTC, and Form 40V.

**Form 40NR Booklet.** This booklet contains the following forms and schedules with instructions: Form 40NR, Schedules A, B, D, & E, 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 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 ATC** – for computation of the Alabama apprenticeship tax credit.

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

**Schedule ARA** – for computation of Alabama renewal act credit.

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

**Schedule HTC** – for computation of historic tax rehabilitation credit.

**Schedule IRC** – for computation of irrigation/reservoir system credit.

**Schedule NTC** – for computation of the net tax due.

**Schedule OC** – for computation of other available 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.

### 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.