

2017

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

# Alabama

# Form 40NR Booklet

■ Nonresidents Only ■ 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, Bel Air Tower, Suite 100  
Mobile, AL 36606  
Phone – (251) 344-4737

### ■ Montgomery Taxpayer Service Center

2545 Taylor Road  
Montgomery, AL 36117  
Phone – (334) 242-2677

### ■ Shoals Taxpayer Service Center

201 South Court Street, Suite 200  
Florence, AL 35630  
Phone – (256) 383-4631

### ■ Tuscaloosa Taxpayer Service Center

1434 22nd Avenue  
Tuscaloosa, AL 35401  
Phone – (205) 759-2571

Where To File  
Form 40NR



Mail your 2017 Form 40NR to:  
Alabama Department of Revenue, P.O. Box 327469, Montgomery, AL 36132-7469

# From The Commissioner...



**VERNON BARNETT**  
Commissioner

## State of Alabama Department of Revenue

(www.revenue.alabama.gov)  
50 North Ripley Street  
Montgomery, Alabama 36132

**JOE W. GARRETT, JR.**  
Deputy Commissioner  
**CURTIS E. STEWART**  
Deputy Commissioner  
**BRENDA R. COONE**  
Deputy Commissioner  
**MICHAEL D. GAMBLE**  
Deputy Commissioner

October 2, 2017

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 our 24-hour toll-free Refund Hotline at 1-855-894-7391.

## How To Use This Instruction Booklet

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

- **SECTION 1** contains information on who must file, how to choose the correct form, and when to file a return.
- **SECTION 2** contains useful steps to help you prepare your return.
- **SECTION 3** contains specific instructions for most of the lines on your return.
- **SECTION 4** contains general information about such items as amending your tax return, how long to keep records, and when you should receive your refund.
- **SECTION 5** contains instructions for completing most of the schedules that may be attached to Form 40NR.

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

## SECTION

# 1 Filing Information

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

## Other Filing Requirements

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

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

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

If a citizen of a foreign country comes to Alabama to work (no matter how long he stays), buys a home, secures an Alabama driver's license, does not intend to apply for U.S. Citizenship, and intends to ultimately 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 the source or where earned unless specifically exempt by Alabama law.

Military personnel (Army, Navy, Marine, Air Force, Merchant Marine, and Coast Guard) who were residents of Alabama upon entering military service remain residents of Alabama for income tax purposes regardless of the period of absence or actual place of residence until proof of change in 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 with income earned in Alabama may file either a separate return claiming himself or

## 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	\$ 4,000
	Married and living with your spouse at the end of 2017 (or on the date your spouse died)	Head of family	\$ 7,700
		Married, joint return	\$10,500
		Married, separate return	\$ 5,250
<b>Part Year Resident</b>	Single (including divorced and legally separated)	Single	\$ 4,000 (while an Alabama resident)
	Married and living with your spouse at the end of 2017 (or on the date your spouse died)	Head of family	\$ 7,700 (while an Alabama resident)
		Married, joint return	\$10,500 (while an Alabama resident)
		Married, separate return	\$ 5,250 (while an Alabama resident)
		Single (including divorced and legally separated)	Single or head of family
Married and living with your spouse at the end of 2017 (or on the date your spouse died)	Married, joint return		
<b>Nonresident</b>	Married and living with your spouse at the end of 2017 (or on the date your spouse died)	Married, separate return	

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 the 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 the federal return. If you file late you may have to pay penalties and interest. (See **Penalties and Interest** on page 14.) 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 the federal return.

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

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

Original returns must be filed within two years of the date the taxes are paid to be eligible for a refund. Criminal liability could result from a continued failure to file returns. (Refer to "**Criminal Liability**" on Page 14.)

## Which Form To File

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

- You were a resident of Alabama for the entire year.
- You do not itemize deductions.
- You do not claim any adjustments to income such as an IRA deduction, alimony paid, federal income tax paid for a prior year, etc.
- You do not have income from sources other than salaries and wages, except for interest and div-

idend 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 and 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, or filing Married Filing Joint under the "Military Spouses Residency Relief Act." Nonresidents must prorate the personal exemption. If your Alabama gross income exceeds the prorated amount, a return must be filed.

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

- You had sufficient income to require the filing of a part-year return and also had income from Alabama sources while a non-resident during the same tax year. In this case, both the total personal exemption **and** the dependent exemption **must** be claimed in 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 incurred during the period of residency. The nonresident return should include only income and deductions incurred during the period of non-residency.

## SECTION 2 Steps for Preparing Your Return

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

### Step 1

#### Collect all your necessary records.

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

If you have someone prepare your return for you, make sure that person has all your income and ex-

pense records so he or she can fill in your return correctly. Remember, even if your return is prepared incorrectly by someone else, you are still responsible.

**Itemized Deductions.** If you itemize deductions (Forms 40 or 40NR), some of the records you need are:

- Medical and dental payment records.
- Real estate and personal property tax receipts.
- Interest payment records for a home mortgage.

### Step 2

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

**The fastest way to obtain forms is to download them from our website [www.revenue.alabama.gov](http://www.revenue.alabama.gov).** Also see page 28 for more information.

### Step 3

#### Check your return to make sure it is correct.

See **Common Mistakes** on page 11.

### Step 4

#### Sign and date your return.

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

### Step 5

#### Attach all necessary forms and schedules.

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

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

Before mailing your return, check to make sure you have retained an exact copy for your records. If you owe tax, be sure to include payment and Form 40V with your return. Please see page 10 for additional payment options.

## 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 that a social security number is reported incorrectly:

- failure to place 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 name and social security number on line 3.

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

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

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

## Filing Status and Personal Exemption Lines 1 through 4

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

### Single

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

**If you check box 1, multiply \$1,500 by the percentage on line 10, and enter the result on line 15.**

### Married

#### Joint or Separate Returns?

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

You and your spouse can file a joint return if you were living together on December 31, 2017 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 14.

**If you check box 2, multiply \$3,000 by the percentage on line 10, and enter the result on line 15.**

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

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

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

If you file a separate return, write your spouse's social security number in the space on line 3.

If your spouse does not file, attach a statement explaining why your spouse is not required to file.

**If you check box 3, multiply \$1,500 by the percentage on line 10, and enter the result on line 15.**

### Head of Family

An individual shall be considered Head of Fam-

ily if, and only if, such individual is not married at the close of their tax year, is not a surviving spouse and their qualifying dependent is not a foster child.

You may check the box on line 4 **ONLY IF** on December 31, 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 for 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. However if your child's other parent claims him or her as a dependent under the federal rules for **Children of Divorced or Separated Parents**, this child does not have to be your dependent.

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

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

**If you check box 4, multiply \$3,000 by the percentage on line 10, and enter the result on line 15.**

## Special Rules

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

## Income

A nonresident of Alabama is subject to tax on all income received within or for services performed in Alabama and amounts received from the sale of property located in Alabama unless specifically exempt. The term "income" includes, but is not limited to; salaries, wages, commissions, income from business or professions, alimony, rents, royalties, inter-

est, dividends, and profits from sales of real estate, stocks, or bonds. Military pay is not taxable for non-residents of Alabama.

## Examples of Income You MUST Report

The following kinds of income should be reported on Forms 40, 40A, or 40NR and related forms and schedules. 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 saving and loan associations, mutual savings banks, credit unions, etc.
- Original Issue Discount (Schedule B).
- Distributions from an Individual Retirement Arrangement (IRA) including SEPs (Simplified Employee Pension) and DECs, if you excluded these amounts in a prior year.
- Bartering income (fair market value of goods or services you received in return for your services).
- Business expense reimbursements you received that are more than you spent for the expenses.
- Amounts received in place of wages from accident and health plans (including sick pay and disability pensions) if your employer paid for the policy.
- Alimony or separate maintenance 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).
- 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 (Schedule D).
- Rents and Royalties (Schedule E).
- Your share of estate or trust income (Schedule E).
- Prizes and awards (contests, lotteries, and gambling winnings) (W-2G).
- 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 previously 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.
- 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.
- Death benefits received by a designated beneficiary of a peace officer or fireman killed in the line of duty.
- Child support.
- Gifts, money, or other property you inherit or that was willed to you.
- Dividends on veteran's life insurance.
- Life insurance proceeds received because of a person's death.
- Interest on obligations of the State of Alabama or any county, city, or municipality of Alabama.

■ Interest on obligations of the United States or any of its possessions.

■ Amounts you received from insurance because you lost the use of your home due to fire or other casualty to the extent the amounts were more than the cost of your normal expenses while living in your home. (You must report as income reimbursements for normal living expenses.)

■ Military allowances paid to active duty military, National Guard, and active reserves for quarters, subsistence, uniforms, and travel.

■ Subsistence allowance received by law enforcement and corrections officers of the State of Alabama.

■ All retirement compensation received by an eligible fire fighter or a designated beneficiary from any Alabama firefighting agency.

■ All retirement compensation received by an eligible peace officer or a designated beneficiary from any Alabama police retirement system.

■ Income earned while serving as a foreign missionary after first serving 24 months as a missionary in a foreign country.

■ Compensation received from the United States for active service as a member of the Armed Forces in a combat zone designated by the President of the United States.

■ An amount up to \$25,000 received as severance, unemployment compensation or termination pay, or as income from a supplemental income plan, or both, by an employee who, **as a result of administrative downsizing**, is terminated, laid-off, fired, or displaced from his or her employment, shall be exempt from state income tax. **If the exempt severance pay is included in your state wages, contact your employer for a corrected W-2.**

■ Beginning January 1, 1998, all benefits received from Alabama Prepaid Affordable College Tuition Contracts (PACT).

■ All benefits from an Alabama 529 savings plan.

■ Beginning January 1, 2017, all income, interest, dividends, gains or benefits of any kind received from an 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.

**Alabama tax withheld information must be reported on Schedule W-2.** (See Schedule W-2 instructions for more information.)

The amount withheld is shown on the state copy of your Form W-2. This copy should be marked "To Be Filed With Your Alabama Income Tax Return."

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

**Do not** include these taxes 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.

**Income From ALL Sources. Report income from all sources on Schedule W-2, Column H. See Schedule W-2 instructions for more information.** Show the total amount of wages, salaries, fees, commissions, tips, bonuses, and other amounts you were paid before taxes, insurance, etc. were taken out.

This includes the income earned in Alabama as well as the income earned outside of Alabama. Even though the income earned outside of Alabama is not taxable to Alabama, it must be included in order to determine the ratio of Alabama income to total income from all sources. This determines the personal exemption, dependent exemption, and itemized deductions or standard deduction you may claim in arriving at the income on which you figure the amount of tax you owe Alabama.

In Column B – "All Sources" enter the total income from Schedule W-2, Line 18, Column H.

**Alabama Income. Report all W-2 information on Schedule W-2.** See *Schedule W-2 instructions for more information.* On column C – "Alabama Income", enter the amount from Schedule W-2, Line 18, Column I. The amount shown in the box headed "State Wages" on your **Form W-2** should be included on Schedule W-2. Report all wages, salaries, fees, commissions, tips, bonuses, and other amounts of income that were earned in Alabama even if you do not have a Form W-2. (These amounts should also have been included in Column B.)

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

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

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

## Line 6 Other Income

All taxable income you received that is not reported on lines 5a through 5c should be entered on line 6. This includes interest income, dividends, rents, royalties, gains from sale of property, etc.

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

If you have income from other sources, you must complete page 1, Part I and attach the appropriate schedule(s).

## Line 8 Adjustments to Income

If you made payments to an Individual Retirement Arrangement (IRA), Keogh Retirement Plan, Simplified Employee Pension (SEP), paid self-employment health insurance premiums, incurred penalties for the early withdrawal of funds, or incurred deductible moving expenses, then these items should be shown as an adjustment to income.

For more information on the above deductions see the instructions for page 2, Part II on page 12.

The adjustments to income from Part II, line 6 should be entered on page 1, line 8.

## Line 10 Alabama Percentage of Adjusted Total Income

You must divide the amount on line 9, Column C, by the amount on line 9, Column B, to determine the ratio of Alabama Adjusted total income to the Adjusted total income from all sources. If the amount in Column C is larger than the amount in Column B, you should enter 100% on line 10. If the amount in Column C is a loss (less than 0) enter 0% on line 10.

## Line 11 Other Adjustments

If you paid alimony, adoption expenses and/or qualifying health insurance for a small employer employee, you should show these amounts as other adjustments to income. The amount that needs to be entered on line 11, will come from the total other adjustments on page 2, part 3, and line 6 of your return. See instructions for page 2, part 3, on page 12 of this booklet for more instructions.

## Line 12 Adjusted Gross Income

If the amount on Column C, line 12 is less than zero you may have a net operating loss that you can carry to another tax year. Use the Order Blank in this

booklet to request these forms and instructions.

## Line 13 Itemized or Standard Deduction

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

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

**Itemized Deductions.** If you elect to itemize your deductions, you should check box a on line 13 and complete and attach Schedule A. The amount shown on line 29 of Schedule A should be entered on line 13.

**Standard Deduction.** If you elect to claim the Standard Deduction, you should check box b on line 13, and use the chart on the next page to determine the Standard Deduction allowable on your return. A dependent or student may take the standard deduction even if claimed as a dependent by someone else. The Standard Deduction must be prorated by the percentage on page 1, line 10.

## Line 14 Federal Income Tax Deduction

A nonresident of Alabama may deduct from Alabama adjusted gross income **a portion of the Federal income tax due** on the 2017 Federal income tax return. In order to determine the amount deductible, you **must** complete page 2, Part IV of Form 40NR. The instructions for completing Part IV are on page 13 of this booklet.

## Line 15 Personal Exemption

Enter the personal exemption amount from line 1, 2, 3, or 4 multiplied by the percentage on line 10. A dependent or student may take the personal exemption even if claimed as a dependent by someone else.

## Line 16 Dependent Exemption

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



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

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

**Birth or Death of Dependent.** You can take an exemption for a dependent who was born or who died during 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 on an Alabama return for a dependent if you provided less than 50% of the support under Alabama law as you can under federal law in certain conditions.

If you are married and filing a separate return, you must consider **only** the amounts you **separately** furnished out of your income in determining whether or not you provided over 50% of the dependent's support. **Do not** include any amounts your spouse furnished for the support of the dependent.

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.

If you qualify to claim your child and/or other individuals as your dependent, you **must** complete on page 2, Part V. The total credit entered on page 2, Part V, line 4 should be entered on page 1 line 16.

Amount on Col. B, Line 12, Page 1	Dependent Exemption
0 - 20,000	1,000
20,001 - 100,000	500
Over 100,000	300

## Line 19 Figuring Your Tax

You must figure your tax from the **Tax Tables** on pages 21-26 unless you are claiming a carryover or carryback net operating loss from another year.

Indicate the method you are using by checking the appropriate box. If you are claiming a net oper-

ating loss from another year you must complete and attach **Form NOL-85A**.

## Line 20

### Credits From Schedule OC

**Schedule OC.** Schedule OC must be completed if you are claiming an employer-sponsored basic skills education credit, rural physician credit, coal credit.

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

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

- **Coal Credit** is available for corporations producing coal mined in Alabama. See **Code of Alabama 1975, §40-18-220**.

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

## Standard Deduction

Married Filing Joint		Married Filing Separate		Head of Family		Single	
Adjusted Gross Income (Col. B, Line 12)	Standard Deduction	Adjusted Gross Income (Col. B, Line 12)	Standard Deduction	Adjusted Gross Income (Col. B, Line 12)	Standard Deduction	Adjusted Gross Income (Col. B, Line 12)	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

## Line 22

### 2017 Estimated Tax Payments/ Automatic Extension Payments

Enter on this line any payments you made on your estimated Alabama income tax (**Form 40ES**) for 2017 or automatic extension (Form 40V). Include any overpayments from your 2016 return that you applied to your 2017 estimated tax. (Do not include the balance you paid with your 2016 return in 2017 or any overpayment from 2016 that was refunded to you.)

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

## Line 23

### Composite Tax Payments

If you are reporting income from a partnership or S corporation which filed Alabama Form PTE-C, any payment made on your behalf should be entered on line 23. Also, complete the information requested on page 2, Part VI, line 7.

**Name Change.** If you changed your name because of marriage, divorce, etc., and you made estimated tax payments using your former name, attach a statement to Form 40NR explaining all the payments you and your spouse made in 2017 and the name(s) and social security number(s) under which you made the payments.

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

## Line 24

### Previous Payments

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

## Line 26

### Refundable Portion of Adoption Credit

Enter the amount from Schedule AAC, Part II, line 6.

## Line 28

### 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 30

### Amount You Owe

(If line 20 is larger than line 29)

Subtract line 27 from line 20, and enter the amount on line 30 – this is the amount you owe the State of Alabama.

Pay the full amount by **check or money order** payable to the "Alabama Department of Revenue." On your payment write your social security number, your daytime telephone number, and "2017 Form 40NR," and remit your payment with Form 40V.



**Credit Card:** You can also pay your taxes due by credit card online at <https://www.officialpayments.com> or by phone at 1-800-272-9829. Enter Jurisdiction Code 1100. Discover/NOVUS®, Master Card®, Visa® and American Express® cards are currently being accepted. There is a convenience fee for this service. This fee is paid directly to Official Payments Corporation based on the amount of your tax payment. (See page 28 for more information.)

**How do I pay by ACH Debit (E-check)?** 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 you are paying with funds on a foreign bank you must include an additional \$25 exchange fee.**

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 14 of these instructions.) More importantly, if you submit your return **without payment**, a final assessment may be entered by the Department. A final assessment which is not appealed is as conclusive as a judgment of a circuit court. The Department may then proceed with collection by issuance of legal processes including recording of **tax liens, garnishment of wages or bank accounts, levy, or a writ of seizure** directed to the county sheriff as provided by Sections 40-1-2, 40-2-11(16), and 40-29-23, **Code of Alabama 1975**.

## Line 31

### Estimated Tax Penalty

If the amount you owe (line 30) exceeds \$500.00, you may be subject to an estimate, or underestima-

tion penalty. Page 14 of this booklet provides additional information on these penalties, or you can complete Form 2210AL. See page 28, "How To Obtain Forms."

## Line 32

### Overpayment

(If line 29 is larger than line 20)

Subtract line 20 from line 29, and enter the amount on line 32 — this is the amount you overpaid.

## Line 33

### Applied to 2018 Estimated Tax

You may elect to credit all or part of the overpayment shown on line 32 to your 2018 estimated Tax. Once an election is made to apply this overpayment to your 2018 estimated tax, it cannot later be refunded to you or applied to pay additional tax for 2017.

## Line 34

### Refunded to You

Subtract the amount on line 33 from the amount on line 32. If your return is complete and contains no errors, you should receive your refund within 8 to 12 weeks after you mail it. See **When Should I Receive My Refund?** on page 15 of this booklet for further information about your refund.

## Sign Your Return

**Form 40NR is not considered a return unless you sign it. Please sign in black ink only.** Your spouse must also sign if it is a joint return. If you are filing a joint return with your deceased spouse, see **Death of Taxpayer** on page 14.

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

Generally, anyone who is paid to prepare your tax return must sign your return and fill in the other blanks in the **Paid Preparer's Use Only** area of the return.

If you have questions about whether a preparer is required to sign a return, please contact an Alabama Taxpayer Service Center.

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

- Sign, 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 for your records in addition to the copy to be filed with the Alabama Department of Revenue.

**BEFORE signing and mailing your return**, you should review it to make sure the preparer has entered the correct name(s), address, and social security number(s) in the spaces provided and reported all of your income. **REMEMBER**, you are responsi-

ble for the information on your return even if you pay someone else to prepare it.

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

## Common Mistakes Which Delay Refunds

Errors delay your refund. This checklist should help you file your form correctly:

1. Is your address correct?
2. If you took the standard deduction, did you use the chart on page 9?
3. Did you include your W-2 forms and any other forms? Did you assemble all forms and schedules in the proper order? (See Step 5 on page 5.)
4. Is your math correct? (**Note:** Check your math carefully when figuring your refund or amount you owe.)
5. Did you find the correct tax in the Tax Table for your filing status and taxable income?
6. Did you write your social security number, daytime phone number, and "2017 Form 40NR" on your check or money order?
7. Did you sign and date your tax form?

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

## Where To File

Mail your return, payment and Form 40V to:

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

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

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

## Page 2, Part I Other Income

All taxable income other than salaries, wages, commissions, etc. that is not reported on page 1, line 5 should be reported in page 2, Part I.

The total other income from all sources should be reported in Column B under the heading "All Sources." The income reported in Column B should be the same as would be reported by a resident of Alabama.

**Example:** You may be required to report interest income from obligations of the U.S. Government on your federal return, but since this income is not taxable to Alabama it should not be included in Column B.

All income you listed in Column B earned in the State of Alabama should also be listed in Column C under the heading "Alabama Sources." Use only the lines and schedules applicable to your types of income.

## Line 1

### Interest and Dividend Income

Any interest or dividend income received in 2017 with Alabama legal jurisdiction should be reported in Column C. All other interest or dividend items that would normally be taxable to an Alabama resident should be reported in Column B.

**Note:** Interest or Dividend items received from pass through entities such as Partnerships or S-Corporations should not be reported as separate line items on Schedule B, but should be included in total on the Alabama Schedule E.

If you received dividends and interest income of more than \$1,500 in 2017, you **must** complete and attach **Schedule B**. Enter the taxable amount shown in Schedule B on Part I, line 1.

## Line 2

### Alimony Received

Alimony and separate maintenance payments received by a nonresident of Alabama in 2017 are not taxable for Alabama purposes. However, any amounts you received in 2017 must be included in the total adjusted gross income from all sources to the same extent that it is includable on your 2017 Federal return. The amount received should be listed in Column B **only**. Do not include amounts you received which are child support.

## Line 3

### Pensions and Annuities

Pension and annuity payments received by a nonresident are not subject to Alabama tax. However, pension and annuity payments you received in 2017 that would be taxable to a resident of Alabama must be included in the total adjusted gross income from all sources in order to compute the ratio of Alabama adjusted gross income to total adjusted gross income from all sources:

Payments you received from any of the following are not taxable and should not be included in the income reported on line 3:

- State of Alabama Teachers' Retirement.
- State of Alabama Employees' Retirement.
- State of Alabama Judicial Retirement.
- United States Civil Service Retirement.
- Retirement systems created by the Federal Social Security Acts.

- Railroad retirement benefits received under the Federal Railroad Retirement Acts of 1935 and 1937.
- Military Retirement Pay.
- TVA Pension System Benefits.
- U.S. Foreign Service Retirement and Disability Fund Annuities.
- U.S. Government Retirement Fund Benefits.
- Any Defined Benefit Retirement Plan in accordance with IRC 414(j). Contact your retirement plan administrator to determine if your plan qualifies.

Enter on line 3 the taxable portion of all pensions and/or annuities you received in 2017 that would be taxable to a resident of Alabama. The amount to be reported would be the same as reported on your Federal return except for income from those sources previously listed as exempt.

## Line 4

### Business Income or (Loss)

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

Generally, you may deduct the ordinary and necessary expenses of doing business — the cost of merchandise, salaries, interest, taxes, rent, repairs, and incidental supplies.

In the case of capital investments and improvements in depreciable property such as buildings, machines, and similar items having a useful life of more than one year, Alabama law provides for a "reasonable allowance" for depreciation over the useful life of the property.

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

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

- **Percentage Depletion Gas and Oil.** In the case of oil and gas wells, the allowance for depletion shall be 12 percent of the gross income from the property during the taxable year, excluding from such gross income an amount equal to any rents or royalties paid or incurred by the taxpayer in respect to the property. Such amounts shall not exceed 50 percent of the net income of the taxpayer, computed without allowance for depletion, from the property, except that in no case shall the depletion allowance be less than the amount allowable under federal income tax law.
- **Cost Depletion Natural Resources Other than Gas and Oil.** Alabama law has no provision for percentage depletion of natural resources other

than gas and oil, as currently allowed under federal law. For Alabama purposes, the depletion allowance shall be computed using the cost depletion method.

- **Depreciation.** Alabama law allows IRC Section 179 Expense for all taxable years beginning after December 31, 1989. Adjustments may be necessary if assets were acquired and placed in service prior to tax years beginning January 1, 1990.
- **Targeted “Jobs Credit.”** You may have been allowed to take a portion of your payroll expense as a “Targeted Jobs Credit” on your federal return. This is an allowable expense for Alabama income tax purposes.
- **Passive Activity Losses.** Alabama law has no provision, similar to current federal law, which limits the deduction of passive trade or business activity losses.

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

The net profit or (loss) from business, as shown on **Federal Schedule C-EZ** or **C** after above adjustments (if applicable), should be entered on Part I, line 4. The net profit or (loss) from all operations within and without Alabama, as shown on Federal Schedule C, after above adjustments (if applicable), should be entered on Part I, line 4, Column B. The net profit or (loss) from operations in Alabama should be entered in Column C.

## Line 5 Gain or (Loss) from Sale of Real Estate, Stocks, Bonds, Etc.

If you sold real estate, stocks, bonds, or other assets in 2017 the net gain or (loss) should be entered in column B. The net gain or (loss) from the sale of property located in Alabama should also be entered in Column C.

If you sold your personal residence, any gain realized is taxable to the same extent as reported on your federal return.

Please see the instructions for Schedule D for further information.

## Line 6 Rents, Royalties, Partnerships, Estates, Trusts, S Corporations

You **must** complete and attach **Schedule E** if you received income in 2017 from any of these sources. The instructions for completing Schedule E are on page 20 of this booklet.

## Line 7 Farm Income or (Loss)

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

Alabama law differs from Federal law in the treatment of some of the expenses shown on Federal Schedule F. These differences are discussed in the instructions for line 4, Part I. If any of these adjustments apply to your return, you should show the additional amounts as “Other Expenses” on Federal Schedule F.

The net profit or (loss) from farm operations, within and without Alabama, should be entered on line 7, Column B. The net profit or (loss) from farm operations in Alabama should also be entered in Column C.

## Line 8 Other Income

Enter on line 8 any other income you cannot find a place for on your return or on another schedule. State the nature and source in the space provided, or attach a separate explanation.

The total other income from all sources should be entered in Column B, and only the other income earned in Alabama should be entered in Column C.

*Note: Net operating losses are not allowed as a deduction on line 8 (Other Income). Net operating losses can only be claimed on Form NOL-85A.*

## Page 2, Part II Adjustments To Income

### Line 1 Individual Retirement Arrangement (IRA), Keogh Retirement Plan, and SEP Deduction

Contributions to Individual Retirement Arrangements, Keogh retirement plans, and SEP deduction are deductible as an adjustment to income from “All Sources” in Column B. The amount deductible in Column C is limited to the contributions made from income attributable to Alabama sources. The amount deductible in Columns B and C is subject to the same limitations as on your federal return. However, when figuring the limitation on the amount deductible you must use the adjusted gross income shown on line 12, Columns B and C and of your Alabama Return.

### 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

Employees and self-employed persons (including partners) 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.

This deduction may be taken if you moved in connection with your job or business and your new workplace in Alabama is at least 50 miles farther from your old residence than your old workplace was from your former residence. If you had no former workplace, your new workplace must be at least 50 miles from your old residence.

Only expenses incurred in the moving of household goods and personal effects from the former residence to the new residence and traveling expenses, including lodging while en route to the new location, are deductible. Expenses which are no longer deductible include the cost of meals while en route to the new location, pre-move house hunting trips, temporary living expenses, closing costs of selling the old house, costs of purchasing a new house, and costs incurred in settling an unexpired lease.

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.

## Page 2, Part III Other Adjustments

### Line 1 Alimony

Enter the total amount of alimony paid as shown on your federal return.

You can deduct payments of alimony or separate maintenance made under a court decree to the same extent allowed for federal income tax purposes. Do not deduct lump-sum cash or property settlements, voluntary payments not made under a court order or a written separation agreement or amounts specified as child support.

## Line 2

### Adoption Expenses

Enter the total amount of adoption expenses you paid or incurred.

The reasonable medical and legal expenses paid or incurred by a nonresident taxpayer in connection with the adoption of a minor may be deducted. The term "medical expenses" include any medical and hospital expenses of the adoptee and the adoptee's biological mother which are incident to the adoptee's birth, and subsequent medical care and which, in the case of the adoptee, are paid or incurred before the petition is granted. Adoption agency fees are not deductible. The expenses allowed in your 2017 return are limited to those expenses paid or incurred on or after January 1, 2017, even though adoption proceedings may have begun before this date.

### Page 2, Part IV Federal Income Tax Deduction

The federal income tax allowed as a deduction to a nonresident of Alabama is the amount calculated using the federal income tax deduction worksheet below. The balance is then prorated by the percentage of income earned in Alabama to the total income from all sources. Self-Employment, Social Security, and Medicare taxes can only be claimed if you itemize deductions on Schedule A.

If you filed a joint federal return and have elected to file a separate Alabama Return, you must complete all lines in Part IV to determine your allowable deduction. If you are single or married and filing a joint Alabama Return with your spouse, you should skip lines 1 through 3.

If you are a nonresident alien with income earned in Alabama, the deduction for Federal Income Tax

should be computed by applying the ratio of Alabama source income to total income received from sources within the United States. In other words, in the case of a nonresident alien, total income from all sources does not include foreign source income that is not required to be reported for Federal Income Tax purposes.

Alabama income is determined for nonresident aliens in the same manner as for other nonresidents.

## Line 1

Enter your joint federal adjusted gross income.

## Line 2

Enter your federal adjusted gross income.

## Line 3

Divide line 2 by line 1.

## Line 4

Enter federal income tax liability from line 6 of Federal Income Tax Deduction Worksheet below.

## Line 5

Enter percentage from line 3 if you completed lines 1 through 3 multiply line 4 by the percentage on line 3.

**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.

## Line 6

Enter percentage from page 1, line 10.

## Line 7

If you completed lines 1-3 above, multiply line 5 by the percentage on line 6. Otherwise, multiply line 4 by the percentage on line 6.

### Page 2, Part V Dependents

Before completing this section, see page 8 of these instructions for the definition of a dependent. Please follow the line-by-line instructions on Form 40NR to complete this section.

### Page 2, Part VI General Information ALL TAXPAYERS MUST COMPLETE THIS SECTION

Please follow the line-by-line instructions on Form 40NR to complete this section.

## SECTION

# 4 General Information

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

## Substitute Tax Forms

You may not use your own version of a tax form unless it meets the requirements of the Alabama De-

## 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		
	<b>b Additional Child Tax Credit.</b> Enter the amount from line 67, Form 1040, line 43 on Form 1040A, or line 64 on Form 1040NR .....	4b		
	<b>c American Opportunity Credit.</b> Enter the amount from line 68, Form 1040 or line 44 on Form 1040A .....	4c		
	<b>d Credits from Forms 2439.</b> Enter the amount from line 73, Form 1040 or line 69 on Form 1040NR .....	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 page 2, Part IV, line 4, on Form 40NR. <b>If amount is negative enter zero</b> .....	6		

partment of Revenue. All privately designed and printed substitute tax forms **must be approved** by the Alabama Department of Revenue.

## Penalties and Interest

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

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

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

**Underpayment Penalty.** If the amount you owe for 2017 is \$500.00 or more you may owe the penalty for 2017 if the total of your withholding and timely estimated tax payments did not equal at least the smaller of:

1. 90% of your 2017 tax (66-2/3% for farmers), OR
2. 100% of your 2016 tax. (Your 2016 tax return must cover a 12-month period.) Use Form 2210AL to calculate the penalty.

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**Note:** *If you include interest, a failure to timely file, or a failure to timely pay penalty with your payment, identify and enter these amounts in the bottom margin of Form 40NR, page 1. Refer to form 2210AL for instructions on how to calculate the underpayment penalty.*

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**Other Penalties.** There are also penalties for underpayment due to negligence, underpayment due to fraud, and filing a frivolous return.

Any person failing to file a return as required by Alabama law or rendering a false or fraudulent return will be assessed. The assessment will be based on the best information obtainable by the department with respect to the income of the taxpayer. In the case of a willfully false or fraudulent return having been rendered, the department shall add a penalty of not more than 50% of such tax. This penalty is in addition to any interest due as described above.

**Criminal Liability.** Section 40-29-112, **Code of Alabama 1975**, as amended, provides for a more severe penalty for not filing tax returns. Any person required to file a return under this title who willfully fails to make such return shall be guilty of a misde-

meanor and, upon conviction thereof, shall be fined not more than \$25,000 or imprisoned not more than one year, or both. Section 40-29-110 provides that any person who willfully attempts to evade any tax imposed by this title or the payment thereof shall be guilty of a felony and, upon conviction thereof, shall be fined not more than \$100,000 or imprisoned for not more than five years, or both. These penalties are in addition to any other penalties provided for by Alabama law.

## Address Change

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

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

## Corresponding With Alabama Department of Revenue

Be sure to include your social security number and phone number in any correspondence with the Alabama Department of Revenue.

## 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 three years from the date the return was filed. If income that should have been reported was not reported and the income omitted is in excess of 25% of the stated income, the period of limitation does not expire until six (6) years after the due date of the return or six (6) years after the date the return was filed, whichever is later. **There is no period of limitation when a return is false or fraudulent, or when no return is filed.**

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

## Requesting a Copy of Your Tax Return

If you need a copy of your tax return or tax account information use **Form 4506-A**, Request for Copy of Tax Form or Income Tax Account Information. The charge for a copy of a return is \$5. There

is no charge for tax account information.

## Amended Return

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

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**Note:** *If your State return is changed for any reason, it may affect your federal income tax liability. This includes 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.

## Payment of Estimated Tax

Every individual who reasonably expects to owe at least \$500 in 2018 is required to file and pay estimated tax.

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**Note:** *If the TOTAL ESTIMATED TAX for 2018 is less than five hundred dollars (\$500), an estimate is*

*not required to be paid.*

The procedures for filing and paying estimated tax and the due dates are similar to Federal Income Tax Law. **Do not** include payment of your estimated tax with the payment for tax due on your individual return because the quarterly voucher and remittance **MUST** be mailed separately. Additional instructions for filing your estimate are on the back of Form 40ES.

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

## Automatic Extension

If you know you cannot file your return by the due date you do not need to file for an extension. You will automatically be granted an extension until October 15, 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 extension will be granted for more than 6 months.

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

## Setoff Debt Collection

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

- Any and all of the public assistance programs administered by the Alabama Department of Human Resources including the Child Support Act of 1979, Chapter 10 of Title 38.

- Any and all of the assistance programs administered by the Alabama Medicaid Agency.

- Overpayment of unemployment compensation.

- Any and all unpaid debt submitted by local governmental entities.

- Any and all court fees/fines owed to the Administrative Office of Courts.

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

**IMPORTANT:** If you have been assessed taxes

from a prior year, your current year refund will be applied to that debt even if the liability resulted from a jointly filed return.

## Federal Refund Offset Program

Your 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.

## When Should I Receive My Refund?

If you are due a refund, it will be mailed to you at the earliest possible date. Normally, it takes up to **90 days** to process your return and get your refund to you. The earlier you file your return the sooner you will receive your refund.

If you do not receive your refund within 90 days of the due date or within 90 days after you file your return, whichever is later, the state will pay you interest and include it with your refund.

**It may take longer than 90 days** to process your refund if it is incomplete or incorrect. Your refund may be delayed for the following reasons:

- Your name and/or address is incorrect.
- Your social security number is incorrect or not shown in the space provided.
- You failed to attach all of your withholding statements (W-2 Forms).
- You failed to attach one or more of the supporting schedules.
- You made an error in figuring your return.
- You mailed your return to the wrong address.
- You filed more than one return.
- You submitted a copy instead of the original return.
- You have not paid all taxes due for a prior year.
- The Department needs additional information to explain the income or deductions reported on your return.
- The Alabama Department of Human Resources has notified the Alabama Department of Revenue that your account is delinquent on a debt repayment, or any public assistance program (including the Child Support Act of 1979, Chapter 10, Title 38). **Note:** See **Setoff Debt Collection** on this page for further information.
- Your return was not properly signed.

If you are due a refund and discover, after mailing your return, that you failed to attach your withholding statement(s) or supporting schedule(s) to your return, **do not** mail this information until the Department requests it. If you mail it before the Department notifies you, your refund may be further delayed.

The Department requests that you **wait 90 days**

**before inquiring about your refund.** If you do not receive it within 90 days, go to [www.revenue.alabama.gov](http://www.revenue.alabama.gov), click on "Where's My Refund," or complete **Form IT:489**. This form can be obtained at our web site [www.revenue.alabama.gov](http://www.revenue.alabama.gov) or at any of our Alabama Taxpayer service Centers listed on page 2 of this booklet. If you find it necessary to call about your refund, you should have a copy of your return in front of you.

## SECTION

# 5 Instructions for Schedules to Form 40NR

## Instructions For Schedule A Itemized Deductions

### Changes You Should Note

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

### Purpose of Schedule

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

If you itemize, you can deduct part of your medical and dental expenses, certain taxes, contributions, and certain miscellaneous deductions. **A nonresident of Alabama must prorate these deductions by the ratio of Alabama adjusted gross income to total adjusted gross income from all sources.** Unreimbursed business expenses may be deducted if the business expenses were incurred while earning Alabama income.

**Married, Filing Separate Returns.** If you are married and filing separate Alabama returns, both spouses may itemize their deductions or both may claim the standard deduction. **One spouse cannot itemize and the other claim the standard deduction.** Each spouse may claim only the itemized deductions he/she actually paid.

**Part-Year Residents and Part-Year Nonresidents.** If you were a resident of Alabama for a part of 2017 and you are required to file Form 40, you may claim **only** the itemized deductions you actually paid while a resident of Alabama.

If you had income from Alabama sources during the period you were not a resident of Alabama you should also file Form 40NR. You should claim on your nonresident return only the itemized deductions actually paid during the period you were a nonresident.

## Lines 1 through 4

### Medical and Dental Expenses

Before you can figure your total medical and dental expenses, you **must** complete your Form 40NR, page 1, lines 1-12.

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

- You may deduct only that part of your medical and dental expenses that is more than 4% of the amount on Form 40NR, line 12, Column B.

Do not include in medical and dental expenses insurance premiums paid by an employer-sponsored health insurance plan (cafeteria plan). You can deduct self-employment health insurance premiums to the same extent as federal purposes.

### Line 1

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

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

If you received a reimbursement in 2017 of prior year medical or dental expenses, do not reduce your 2017 expenses by this amount. You must include the reimbursement in income on Form 40NR, page 2, Part I, line 8 if you deducted the medical expense in the earlier year and the deduction reduced your tax. **Federal Pub. 502** tells you how to figure the amount to include in income.

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

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

### Examples of Medical and Dental Payments You CAN Deduct

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

- Medicare Part B insurance.
- Prescription medicines and drugs, or insulin.

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

### Examples of Medical and Dental Payments You CANNOT Deduct

- Premiums paid by an employer-sponsored health insurance plan (cafeteria plan).
- The basic cost of Medicare Insurance (Medicare A). Note: If you were 65 or older but not entitled to social security benefits, you may deduct premiums you voluntarily paid for Medicare A coverage.
- Life insurance or income protection policies.
- The 1.45% Medicare (hospital insurance benefits) tax withheld from your pay as part of the Social Security tax, or the Medicare tax paid as part of social security self-employment tax.
- Nursing care for a healthy baby.
- Illegal operations or drugs.
- Nonprescription medicines or drugs.
- Travel your doctor told you to take for rest or change.
- Funeral, burial, or cremation costs.

**Federal Pub. 502** has a discussion of expenses that may and may not be deducted. It also explains when you may deduct capital expenditures and special care for handicapped persons.

## Lines 5 through 9

### Taxes (Other than Federal Income Tax) You CAN Deduct

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

- **Real estate taxes** (line 5). Include taxes you paid on property you own in any state that was not used for business. If you pay real estate taxes as part of your mortgage payments do not take a deduction for that amount. Deduct the taxes in the year the mortgage company actually paid them to the taxing authority.
- **FICA tax (Social Security and Medicare)** (line 6). You can deduct the FICA tax (Social Security and Medicare) withheld on your income by your employer. If you worked for more than one employer resulting in more than the maximum FICA tax being withheld, the excess amount claimed as Federal Income Tax Withheld on your federal return cannot be claimed as an itemized deduction on your Alabama return.
- **Federal Self-Employment Taxes** (line 6). You can deduct the Federal Self-Employment Tax you paid during the year 2017 for the tax year 2016 and/or prior years.
- **Railroad Retirement Tax** (line 7). You can deduct the railroad retirement tax you paid in 2017. Only your contribution to tier one railroad retirement is deductible as an itemized deduction.
- **Other taxes** (line 8). In addition to the above taxes, you can also deduct:
  - (a) **City, County, and Occupational Tax**, as shown on your W-2.
  - (b) **State Unemployment Insurance Tax (S.U.I.)**. Employees were not required to pay S.U.I. Tax in 2017 since the full amount was paid by their employer. However, if S.U.I. Tax was paid to a state other than Alabama, it may be deducted.
  - (c) **Federal gift taxes**. Federal gift taxes are deductible **only** if you are the person making the gift and you paid the tax. (The person receiving the gift cannot claim this deduction even though he paid the tax.)
  - (d) **Personal property taxes**. This tax must be based on the value alone. For example, if part of the fee you paid for the registration of your car was based on the car's value and part was based on its weight, you can deduct only the part based on value.
  - (e) **Generation-Skipping Transfer (GST) taxes**. Generation-Skipping transfer taxes imposed on income distributions by 26 U.S.C. 2601 are deductible if you paid or accrued the taxes within the taxable year.



## Taxes You CANNOT Deduct include but are not limited to

- State income taxes. If you owe taxes to the State of Alabama, you may be entitled to a credit against the taxes you owe to the state of which you are a legal resident. See instructions for that state.
- State and local sales taxes.
- Income tax you paid to a foreign country.
- Taxes you paid for another person.
- License fees (marriage, driver's, dog, hunting, pistol, etc.).
- Civil Service Retirement contributions (State or Federal).
- Federal excise tax on personal property, transportation, telephone, and gasoline.
- Customs duties.
- Gasoline tax.
- State utility taxes.
- Tax on liquor, beer, wine, cigarettes, and tobacco.
- Car inspection fees.
- Taxes you paid for your business or profession. (Use Schedule C, E, or F to deduct these business expenses.)
- Assessments for sidewalks or other improvements to your property.

## Lines 10a through 14 Interest You Paid

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

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

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**Note:** *Personal interest is no longer deductible.*

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

If you qualify for the mortgage interest credit on your federal return, the total interest you paid (before the credit) is deductible for Alabama purposes.

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

## Lines 15 through 18 Gifts to Charity

Contributions are allowable as itemized deductions to the same extent as currently allowed for federal purposes. However, when determining the 50%

and special 20% and 30% limitations, you **must** use adjusted gross income from Column B, line 12.

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

### Examples of these organizations are

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

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

### Contributions You MAY Deduct

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

### Limit on the amount you may deduct

Get **Federal Pub. 526** to figure the amount of your deduction if any of the following applies:

- Your cash contributions or contributions of ordinary income property to certain organizations are more than 30% of Form 40NR, page 1, line 12, Column B.
- Your gifts of capital gain property to certain organizations are more than 20% of Form 40NR, page 1, line 12, Column B.
- You gave gifts of property that increased in value or gave the use of property as gifts.

## You MAY NOT Deduct as Contributions

- Travel expenses (including meals and lodging) while away from home unless there was no significant element of personal pleasure, recreation, or vacation in the travel.
  - Political contributions.
  - Dues, fees, or bills paid to country clubs, lodges, fraternal orders, or similar groups.
  - Value of any benefit, such as food, entertainment, or merchandise that you received in connection with a contribution to a charitable organization.
- Example.** You paid \$100 to a charitable organization to attend a fundraising dinner. To figure the amount of your deductible charitable contribution, subtract the value of the dinner from the total amount you paid. If the value of the dinner was \$40, your deductible contribution is \$60.

- Cost of raffle, bingo, or lottery tickets.
- Cost of tuition.
- Value of your time or services.
- Value of blood given to a blood bank.
- The transfer of a future interest in tangible personal property (generally, until the entire interest has been transferred.)

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

- a. How you figured the property's value at the time it was given. (If the value was determined by an appraisal, you should also keep a signed copy of the appraisal.)
- b. The cost or other basis of the property if you must reduce it by any ordinary income or capital gain that would have resulted if the property had been sold at its fair market value.
- c. How you figured your deduction if you chose to reduce your deduction for gifts of capital gain property.
- d. Any conditions attached to the gift.

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**Note:** *If your total deduction for gifts of property is over \$500, or if you gave less than your entire inter-*

est in the property, or you made a "qualified conservation contribution" under Federal Section 170(h), your records should contain additional information. See **Federal Pub. 526** for details.

## Line 15

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

## Line 16

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

## Line 17

Enter on line 17 any carryover of contributions that you were unable to deduct in an earlier year because it exceeded your adjusted gross income limit.

## Line 19

### Qualified Long-term Care Coverage

Premiums paid pursuant to a qualifying insurance contract for qualified long term care coverage paid by the taxpayer may be deducted on line 19. Qualified long-term care services include care for necessary diagnostic, preventive, therapeutic, and rehabilitative services and maintenance or personal care services which are required by a chronically ill individual in a qualified facility or services which are provided pursuant to a place of care prescribed by a licensed health care practitioner.

## Line 20

### Miscellaneous Deductions Expenses NOT Subject to the 2% Limit

Most miscellaneous deductions cannot be deducted in full, but must be reduced by 2% of the Alabama adjusted gross income. The deductions which may be claimed on line 20 that are **NOT** subject to the 2% limit are as follows:

- Gambling losses to the extent of gambling winnings. Report gambling winnings on Form 40NR, page 2, Part I, line 8.
- Deduction for repayment of amounts under a claim of right if more than \$3,000. See **Federal Pub. 525**.
- Unrecovered investment in a pension.
- Impairment-related work expenses of a disabled person.

List the type and amount of each expense. Enter one total in the amount space for line 20.

## Line 21

### Proration of Above Amounts

The amounts shown in lines 1 through 20 should be the amounts for the entire period that the return covers. In most cases, these amounts will be the same as shown on your Federal return. Follow the instructions on lines 21 through 23 to determine the portion of these expenses that apply to your Alabama income.

## Lines 24a, b, and c

### Casualty and Theft Losses

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

- **A nonresident of Alabama may deduct only those losses where the property was located in Alabama at the time of loss.**
- The loss may be claimed **only** in the year during which the loss occurred or the theft was discovered.
- The loss on personal property **must** be reduced by 10% of the **Alabama** adjusted gross income as shown on Form 40NR, page 1, line 12, column C.

Use lines 24a, b, and c to report casualty or theft losses of Alabama property that is not a trade or business, income-producing, or rent or royalty property. Complete and attach **Federal Form 4684** to figure your loss. Enter on line 24a of Alabama Schedule A the amount of loss as shown on Section A line 16 of Form 4684.

### Losses You MAY Deduct

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

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

- a. the amount of **EACH** separate casualty or theft loss is more than \$100, and
- b. the total amount of **ALL** Alabama losses during the year is more than 10% of your adjusted gross income on Form 40NR, page 1, line 12, column C.

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

### Losses You MAY NOT Deduct

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

clothes, trees, etc.) caused by termites, moths, other insects, or disease.

Use Schedule A line 26 to deduct the costs of proving that you had a property loss. (Examples of these costs are appraisal fees and photographs used to establish the amount of your loss.)

For more details, refer to federal instructions and publications.

## Lines 25 through 29

### Miscellaneous Deductions Expenses Subject to the 2% Limit

Most miscellaneous deductions cannot be deducted in full. You must subtract 2% of your Alabama adjusted gross income from the total. You figure the 2% limit on line 28.

A nonresident of Alabama should show on lines 25 through 29 only those expenses incurred in earning Alabama income.

Generally, the 2% limit applies to job expenses you paid for which you were not reimbursed (line 25). The limit also applies to certain expenses you paid to produce or collect taxable income (line 26). See the instructions for lines 25 and 26 for examples of expenses to deduct on these lines.

The 2% limit does not apply to certain other miscellaneous expenses that you may deduct. See the instructions for line 20 for examples of these expenses.

## Line 25

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

1. You claim any travel, transportation, meal, or entertainment expenses for your job; **OR**
2. Your employer paid you for any of your job expenses reportable on line 25.

If 1 or 2 above applies, enter the net deductible amount from **Federal Form 2106** on line 25 of Schedule A.

**Caution:** Federal Form 2106 must be adjusted to include only job expenses related to your Alabama source income.

If you do not have to fill out Form 2106, just list the type and amount of your expenses on the space provided on line 25. If you need more space, attach a statement showing the type and amount of the expense. Enter one total in the amount space on line 25.

Examples of expenses to include on line 25 are:

- Travel, transportation, meal, or entertainment expense. (**Note:** If you have any of these expenses, you must use **Federal Form 2106** for all your job expenses.)
- Union dues.

- Safety equipment, small tools, and supplies you used in your job.
- Uniforms your employer said you must have and which you may not usually wear away from work.
- Protective clothing required in your work such as hard hats, safety shoes, and glasses.
- Physical examinations your employer said you must have.
- Dues to professional organizations and chambers of commerce.
- Subscriptions to professional journals.
- Fees to employment agencies and job search expenses in your present occupation.
- Education expenses you paid that were required by your employer, or by law or regulations, to keep your salary or job. In general, you may include the cost of keeping or improving skills you must have in your job. For more details, see **Federal Pub. 508**, Educational Expenses. Some educational expenses are not deductible. See **Expenses You MAY NOT Deduct**.
- Business use of part of your home, but **ONLY** if you use that part exclusively and on a regular basis in your work and for the convenience of your employer. For details, including limits that apply, see **Federal Pub. 587**, Business Use of Your Home.
- Deduction for repayment of amounts under a claim of right if \$3,000 or less.

## Line 26

Use this line for amounts you paid for the production or collection of taxable income; for the management, conservation, or maintenance of property held for the production of taxable income; or in connection with the determination, collection, or refund of any tax. List the type and amount of each expense in the space provided on line 26. If you need more space, attach a statement showing the type and amount of each expense. Enter one total in the amount space for line 26. Examples of these expenses are:

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

For more information (including limits on the amount you can deduct).

## Expenses You MAY NOT Deduct

Some expenses are not deductible at all. Examples are:

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

## Instructions For Schedule B Interest and Dividend Income

### Purpose of Schedule

Use Schedule B if you are filing Form 40NR and had more than \$1,500 in interest and dividend income in 2017.

**Mutual Fund.** If you received a 1099-DIV, or 1099-INT, or Substitute Statement from a mutual fund or brokerage firm, you must include the total interest or dividends shown on that form on Schedule B, line 1.

Nonresidents are required to report interest or dividend income with an Alabama business legal jurisdiction in Schedule B, Column C (Regulation 810-3-14-.05). All other personal interest or dividend income received in 2017 that would be taxable to a resident of Alabama should be included in the total adjusted gross income from all sources.

### Line 1

Report on line 1 the total interest and dividends you received in 2017. This does not include interest reported on your Schedule K-1.

### Lines 2 and 3

A resident of Alabama is not taxed on interest received from the following sources:

1. Obligations of the United States or any of its possessions.
2. Obligations of the State of Alabama.
3. Obligations of county, municipality or other subdivision of Alabama.

If you received income from any of these sources, list the source and amount(s) on lines 2a through 2d. Add the amounts on these lines and enter the total on line 3.

## Instructions For Schedule D Gain or (Loss) From Sale of Real Estate, Stocks, Bonds, Etc.

### Purpose of Schedule

Use Schedule D (Form 40NR) to report the sale or exchange of real estate, stocks, bonds, and other assets.

**Mutual Fund.** If you received a mutual fund or brokerage statement reporting capital or ordinary gains, you must include these amounts on Schedule D, on line 1.

The gain or profit from any sale, exchange, or other disposition by a nonresident of real or tangible property located in Alabama is taxable even though it is not connected with a business carried on in this state.

The gain or (loss) realized from the disposition of property located outside of Alabama is not taxable to a nonresident, but the gain or (loss) must be included in the total adjusted gross income from all sources in order to compute the ratio of Alabama adjusted gross income to total adjusted gross income from all sources.

The gain or profit of a nonresident from the sale, exchange, or other disposition of intangible personal property including stocks, bonds, and other securities, is ordinarily not taxable and should not be included in gross income except to the extent that such intangible personal property has acquired a business legal jurisdiction in Alabama. Likewise, losses sustained from the sale, exchange, or other disposition of such property are not deductible except to the extent that they are losses incurred in a business carried on within Alabama by the nonresident taxpayer.

**Gain from Sale of Personal Residence.** If you sold your personal residence, any gain realized is taxable to the same extent as reported on your federal return. If the personal residence was not located in Alabama, the gain should be reported in Column B only. If the personal residence was located in Alabama, the gain should be reported in Columns B and C. A loss sustained on the sale of a personal residence is **NOT** deductible.

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

### Line 1

Enter on line 1, the total gain or (loss) from the sale of all assets not subject to Alabama tax.

### Line 2

The gain from the sale of all Alabama assets should be reported in detail in Columns a through f.

If more space is needed, use separate sheets with identical Column headings.

## Instructions For Schedule E Supplemental Income

### Part I Lines 1 through 5 Rents and Royalties

If you received rent from property owned or controlled by you, or royalties from copyrights, mineral leases and similar rights, report the total amount received on Schedule E lines 1 through 5. If property other than cash was received as rent, its fair market value should be reported.

A reasonable allowance for the exhaustion, wear and tear, and obsolescence of property used in a trade or business, or of property held by the taxpayer for the production of income, shall be allowable as a depreciation deduction. The allowance does not apply to inventories or stock-in-trade nor to land apart from the improvements or physical development added to it. Federal 179 Depreciation Expense allowed by 26 U.S.C §179 is allowable depreciation for Alabama purposes.

The total net gain from all rents and royalties from sources outside Alabama should be shown on line 1. Income from rents and royalties from property located in Alabama should be detailed in Columns 2a through 2e. If more space is needed, use separate sheets with identical column headings.

rate sheets with identical column headings.

The net gain or (loss) from all items listed in lines 1 through 4 should be entered on line 5.

### Part II Lines 6 and 7 Partnerships, Estates, Trusts, S Corporations

Use lines 6 and 7 to report income you received from partnerships, estates, trusts, and S corporations. Alabama taxes income from these sources only to the extent the income was earned in Alabama.

List the income you received from these sources on lines 6a through 6c. Show the name, address, and FEIN of each partnership, estate, trust, etc. Report the total income received from these sources in Column B and only the income earned from Alabama sources in Column C.

**Partnerships.** If you are a partner of a partnership doing business in Alabama, you should receive an Alabama Schedule K-1 Form 65 from the partnership. Report your share of the income (whether you received it or not) or net loss (**not to exceed your basis**) of the partnership in Part II. A nonresident must pay tax on his share of Alabama income from the partnership.

Beginning with the 2001 tax year, Alabama law required composite filing for all partnerships with nonresident members. In addition to reporting your share of the partnership's profit or loss on Alabama Schedule E, any composite payments made on your

behalf should be claimed on line 23 of Form 40NR and write "PTE-C" on the dotted line. Include on page 2, Part VI, line 7 the name and FEIN of any partnership that has made a composite payment on your behalf.

**Estates and Trusts.** Nonresidents are taxed on income from estates and trusts only to the extent that the income was earned in Alabama. The administrator, executor, or trustee should advise you of the amount to report.

**S Corporations.** An "Alabama S Corporation" means any domestic corporation or foreign corporation qualified to do business or doing business in Alabama which has in effect an election to be an S corporation under 26 U.S.C. Section 1362.

If you are a shareholder of an Alabama S corporation, you should receive an **Alabama Schedule K-1 (Form 20S)** from the S corporation. Report your share of the income (whether you received it or not) or net loss (**not to exceed your basis**) of the corporation in Part II. A nonresident **must** pay tax on his share of an Alabama S corporation's income.

If you claim credit for taxes paid by an S corporation on your behalf, enter this amount on line 23 of Form 40NR, and write "PTE-C" on the dotted line. Also complete the information requested on page 2, Part VI, line 7.

The net gain or (loss) from all items listed in lines 6a through 6c should be entered on line 7. Also include these amounts in summary on line 8 of Part III. See Schedule K-1 65 and Schedule K-1 20S instructions for more information.













**Tax Table – Continued**

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
96,000		Your tax is —		97,000		Your tax is —		98,000		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
96,100	96,200	4,768	4,728	97,100	97,200	4,818	4,778	98,100	98,200	4,868	4,828
96,200	96,300	4,773	4,733	97,200	97,300	4,823	4,783	98,200	98,300	4,873	4,833
96,300	96,400	4,778	4,738	97,300	97,400	4,828	4,788	98,300	98,400	4,878	4,838
96,400	96,500	4,783	4,743	97,400	97,500	4,833	4,793	98,400	98,500	4,883	4,843
96,500	96,600	4,788	4,748	97,500	97,600	4,838	4,798	98,500	98,600	4,888	4,848
96,600	96,700	4,793	4,753	97,600	97,700	4,843	4,803	98,600	98,700	4,893	4,853
96,700	96,800	4,798	4,758	97,700	97,800	4,848	4,808	98,700	98,800	4,898	4,858
96,800	96,900	4,803	4,763	97,800	97,900	4,853	4,813	98,800	98,900	4,903	4,863
96,900	97,000	4,808	4,768	97,900	98,000	4,858	4,818	98,900	99,000	4,908	4,868
99,000	99,100	4,913	4,873	99,000	99,100	4,913	4,873	99,000	99,100	4,913	4,873
99,100	99,200	4,918	4,878	99,100	99,200	4,918	4,878	99,100	99,200	4,918	4,878
99,200	99,300	4,923	4,883	99,200	99,300	4,923	4,883	99,200	99,300	4,923	4,883
99,300	99,400	4,928	4,888	99,300	99,400	4,928	4,888	99,300	99,400	4,928	4,888
99,400	99,500	4,933	4,893	99,400	99,500	4,933	4,893	99,400	99,500	4,933	4,893
99,500	99,600	4,938	4,898	99,500	99,600	4,938	4,898	99,500	99,600	4,938	4,898
99,600	99,700	4,943	4,903	99,600	99,700	4,943	4,903	99,600	99,700	4,943	4,903
99,700	99,800	4,948	4,908	99,700	99,800	4,948	4,908	99,700	99,800	4,948	4,908
99,800	99,900	4,953	4,913	99,800	99,900	4,953	4,913	99,800	99,900	4,953	4,913
99,900	100,000	4,958	4,918	99,900	100,000	4,958	4,918	99,900	100,000	4,958	4,918

**Over \$100,000.00**

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

- Single
- Married filing separately
- Head of family

1 Enter taxable income . . . \_\_\_\_\_

2 Less . . . . . -100,000.00

3 Subtract line 2 from line 1 . . . . . \_\_\_\_\_

4 Multiply line 3 by .05 . . x \_\_\_\_\_ .05

5 Enter result here . . . . . \_\_\_\_\_

6 Plus . . . . . + 4,958.00

7 Add lines 5 and 6.

**Your tax is.** . . . . . ► \_\_\_\_\_

- Married filing jointly

1 Enter taxable income . . . \_\_\_\_\_

2 Less . . . . . -100,000.00

3 Subtract line 2 from line 1 . . . . . \_\_\_\_\_

4 Multiply line 3 by .05 . . x \_\_\_\_\_ .05

5 Enter result here . . . . . \_\_\_\_\_

6 Plus . . . . . + 4,918.00

7 Add lines 5 and 6.

**Your tax is.** . . . . . ► \_\_\_\_\_

# My Alabama Taxes (MAT)

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

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

The Alabama Department of Revenue offers several methods for filing your 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/>.

## How To Obtain Forms

To obtain instructions, schedules and forms visit our website 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, W-2, NTC, and Form 40V.

**Form 40NR Booklet.** This booklet contains the following forms and schedules with instructions: Form 40NR, Schedules A, B, D, E, W-2, 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 ANM** – for computation of Alabama new markets development credit.

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

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

**Schedule 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.

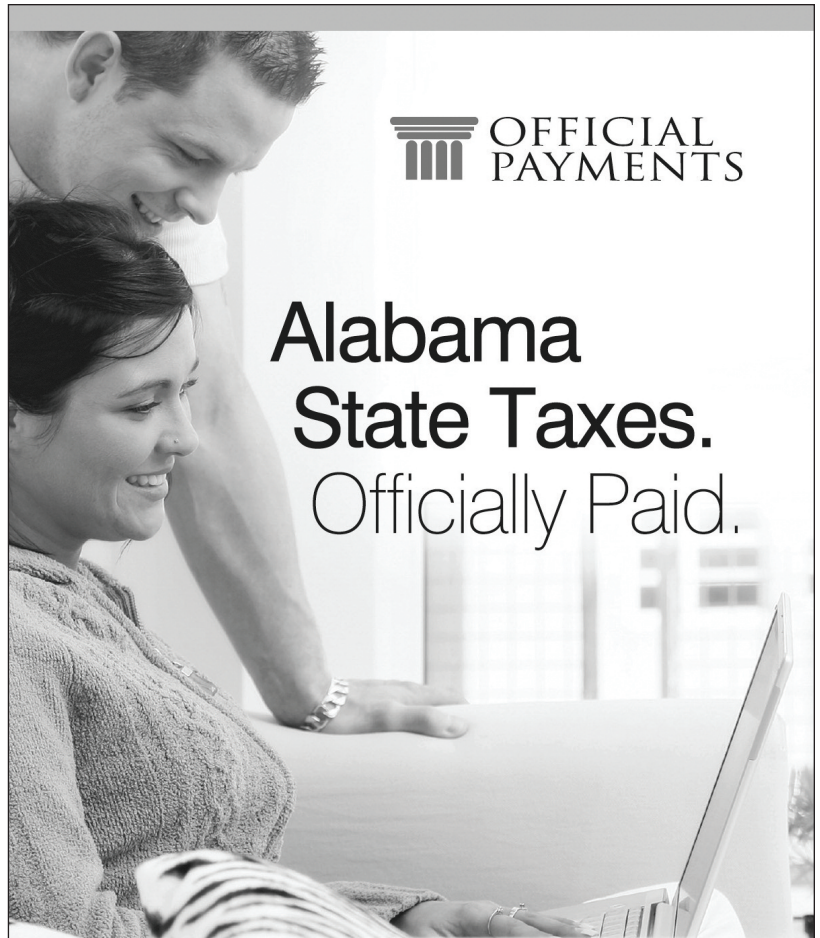
**Form 3903** for claiming moving expenses.

**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.



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