

1 HB231
2 216567-3
3 By Representatives Carns, Mooney, Wingo, Wheeler, Sorrell,
4 Stringer, Hurst, Pettus, McCutcheon, Simpson, Kitchens, Hall,
5 Brown (K), Lawrence, Bracy, Jackson, Grimsley, Bedsole,
6 Holmes, Fincher, Allen, Sorrells, Marques, Jones (S), Greer,
7 Crawford, Ledbetter, Meadows, Shaver, Ellis and Reynolds
8 RFD: Ways and Means Education
9 First Read: 02-FEB-22

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ENROLLED, An Act,

Relating to taxation; to provide that the deduction allowed to individual taxpayers for federal income tax paid or accrued within the tax year ending December 31, 2021 will be determined without considering the reduction in federal tax attributable to any additional federal child tax credit, federal earned income tax credit, or federal child and dependent care tax credit received pursuant to the American Rescue Plan Act of 2021, in order to allow individuals to receive the amount of the enhanced federal credits rather than pay state income tax on a portion of the amounts received; to authorize the Department of Revenue to adopt rules.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. For the tax year ending on December 31, 2021, for purposes of determining an individual taxpayer's federal income tax deduction pursuant to Chapter 18 of Title 40, Code of Alabama 1975, the federal income tax deduction shall be calculated without consideration of the reductions in federal tax provided in Sections 9611, 9612, 9621, 9622, 9623, 9624, 9625, 9626, and 9631 of the American Rescue Plan Act of 2021, and instead, for any federal income tax reductions attributable to the federal child tax credit, the earned income tax credit, and the federal child and dependent care tax credits, the federal income tax deduction shall be

1 calculated as if the individual paid the federal income tax
2 that would otherwise have been paid under the provisions of
3 the Internal Revenue Code in effect on December 31, 2020.

4 Section 2. ~~Sections 40-16-3.1 and 40-18-39.2 are~~
5 ~~added to the Code of Alabama 1975, to read as follows:~~

6 ~~§40-16-3.1.~~

7 ~~(a)(1) For tax years beginning on or after January~~
8 ~~1, 2021, a financial institution excise taxpayer shall be~~
9 ~~allowed one month following the due date of the corresponding~~
10 ~~federal income tax return, including applicable extensions, to~~
11 ~~file the Alabama financial institution excise tax return as~~
12 ~~required by Section 40-16-3.~~

13 ~~(2) For tax years beginning on or after January 1,~~
14 ~~2020, but prior to January 1, 2021, the department may allow a~~
15 ~~financial institution excise taxpayer one additional month~~
16 ~~following the due date of the corresponding federal income tax~~
17 ~~return, including applicable extensions, to file the Alabama~~
18 ~~financial institution excise tax return, upon request by the~~
19 ~~taxpayer and approval by the department.~~

20 ~~(b) The extension provided in this section shall not~~
21 ~~allow a taxpayer to defer payment of a financial institution~~
22 ~~excise tax liability beyond the original due date provided in~~
23 ~~Section 40-16-3.~~

24 ~~§40-18-39.2.~~

1 ~~(a)(1) For tax years beginning on or after January~~
2 ~~1, 2021, a corporate income taxpayer shall be allowed one~~
3 ~~month following the due date of the corresponding federal~~
4 ~~income tax return, including applicable extensions, to file~~
5 ~~the Alabama corporate income tax return as required by Section~~
6 ~~40-18-39.~~

7 ~~(2) For tax years beginning on or after January 1,~~
8 ~~2020, but prior to January 1, 2021, the department may allow a~~
9 ~~corporate income taxpayer one additional month following the~~
10 ~~due date of the corresponding federal income tax return,~~
11 ~~including applicable extensions, to file the Alabama corporate~~
12 ~~income tax return, upon request by the taxpayer and approval~~
13 ~~by the department.~~

14 ~~(b) The extension provided in subsection (a) shall~~
15 ~~not allow a taxpayer to defer payment of a corporate income~~
16 ~~tax liability beyond the original due date provided in Section~~
17 ~~40-18-39.~~

18 Section 3. The Department of Revenue may adopt rules
19 to implement this act.

20 Section 4. This act shall become effective
21 immediately following its passage and approval by the
22 Governor, or its otherwise becoming law.

