

ALABAMA DEPARTMENT OF REVENUE
ADMINISTRATIVE CODE

CHAPTER 810-3-28
PARTNERSHIP RETURNS

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810-3-28-.01 Partnership Returns.

(1) (a) All partnerships having "substantial nexus" from property owned or business conducted in this state shall file the Alabama Form 65 on or before the due date, including extension. All single member limited liability entities having "substantial nexus" from property owned or business conducted in this state shall file the appropriate Alabama income tax return. The appropriate income tax return will be determined based on the entity's classification for federal purposes, found in IRC Section 7701. Returns for both partnerships and single member limited liability entities, whether filing as a separate entity or as a disregarded entity, as a division of its owner, are required to be filed on or before the

date the taxpayer's corresponding federal tax return is due. If no federal tax return is required, the due date is the date in which the taxpayer would be required to file if the federal return was required.

(b) A business has "substantial nexus" in Alabama when factor presence thresholds are met or exceed the thresholds established pursuant to Section 40-18-31.2, Code of Alabama 1975, and rules promulgated thereunder.

(c) Any extension of time to file an income tax return allowed for by federal income tax purposes will be recognized for Alabama purposes.

1. A taxpayer is not required to file a separate extension to extend the filing deadline in Alabama.
2. Taxpayers must meet all federal requirements for additional extensions.

(d) An Alabama Schedule K-1 must be prepared for each person who held an interest in the subchapter K entity or single member limited liability company during the taxable year showing each partner's or member's name, address, social security or federal employers identification number, distributive share of the income (or loss) of the partnership, and distributive share of charitable contributions made by the partnership.

1. For an Alabama resident partner or member, the K-1 for tax years beginning after December 31, 1996 and before January 1, 2011 shall include:

(i) For multi-state subchapter K entities doing business within and without the State of Alabama, only that income which is required to be allocated and apportioned to Alabama under the rules of Section 40-18-22. (If the multi-state subchapter K entity is not doing business in Alabama, no income is reportable to Alabama from that subchapter K entity.)

(ii) For a subchapter K entity doing business in only one state, whether the state of Alabama or another state, the distributive share of the entire income from that subchapter K entity.

2. For a non-resident partner or member, the K-1 shall include:

(i) For multi-state subchapter K entities doing business within and without the State of Alabama, only that income which is required to be allocated

and apportioned to Alabama under the rules of Section 40-18-22.

(ii) For a subchapter K entity doing business in Alabama exclusively, the distributive share of the entire income from that subchapter K entity.

3. For an Alabama resident partner or member, the K-1 for tax years beginning after December 31, 2010 shall include amounts determined in accordance with subchapter K of the Internal Revenue Code, 26 U.S.C. §§701-761, Sections 40-18-24 and 40-18-14, Code of Ala. 1975, and without regard to 1. above. Likewise, Alabama resident partners or members of sub-chapter K entities are entitled to a credit computed in accordance with Section 40-18-21(a), Code of Ala. 1975, for taxes paid by (or on e behalf of) the resident partner or member (including composite return and withholding payments) to other states where the sub-chapter K entity does business and is treated as a sub-chapter K entity.

(2)(a) The computation of Alabama ordinary income is determined by combining the items necessary to arrive at federal ordinary business income (loss) and making adjustments for items which are treated differently under Alabama law than the treatment under federal law. These adjustments include, but are not limited to, the following:

1. Related members interest or intangible expenses and costs required to be added back if such expenses were deducted in calculating federal ordinary business income, pursuant to Section 40-18-25(b), Code of Ala. 1975.

2. Other reconciling items required to be added back to federal ordinary business income to arrive at Alabama ordinary income, like Federal depreciation that may be in excess of the allowable depreciation for Alabama purposes. Amounts like these would be required to be added back in determining Alabama ordinary income under Section 40-18-35, Code of Ala. 1975.

3. Expenses not deductible in computing federal ordinary business income due to a taxpayer's election to claim a federal tax credit would be allowed as a deduction on the Alabama return in computing Alabama ordinary income.

4. Other reconciling items allowed to be deducted from federal ordinary business income to arrive at Alabama ordinary income.

(b) Federal Form 1065 and accompanying schedules must be attached to Form 65 when filed.

(c) The return must be signed by one partner or member and the person who prepared the return, and must contain a printed declaration that it is made under the penalties of perjury.

Author: Nancy Butler, Angela Cumbie, Holly Coon, Ann F. Winborne, CPA, Individual Corporate Tax Division, Joe Garrett

Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5), 40-18-28.

History: Adopted September 30, 1982. **Amended:** February 8, 1989; filed March 20, 1989. **Amended:** Filed March 26, 1998; effective April 30, 1998. **Amended:** Filed November 26, 2008; effective December 31, 2008. **Amended:** Filed August 3, 2011; effective September 7, 2011. **Amended:** Filed December 3, 2016; effective January 21, 2017.

810-3-28-.02 Participation In The Federal/State Electronic Filing Program - Partnership/LLC Returns Of Income.

(1) The Department will participate with the Internal Revenue Service in the Federal/State Electronic Filing Program for the joint electronic filing of partnership/LLC returns of income, effective for tax years beginning on or after January 1, 2006.

Author: Kathleen F. Abrams, Melissa A. Giles

Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5); 40-30-4.

History: **New Rule:** Filed January 22, 2007; effective February 26, 2007. **Amended:** Filed January 27, 2014; effective March 3, 2014. **Amended:** Filed February 13, 2018; effective March 30, 2018.

810-3-28-.03 Terms And Definitions For The Alabama Electronic Partnership/LLC Return Of Income.

(1) SCOPE - This rule defines certain terms used in connection with the Alabama Business Modernized E-File Program.

(2) Definitions

(a) XML Schema - A single file or collection of files that describe the structure of an XML instance document along with rules for data content and semantics such as what fields an element can contain, which sub elements it can contain and how many items can be present. It can also describe the type and values that can be placed into each element or attribute.

(b) XML instance document - The actual return data defined by the XML Schema. This document is validated against the XML schema to ensure the contents and structures are correct.

(c) Business Rules - A document that defines the criteria that needs to be met for an electronic return to be accepted based on the filing instructions and system requirements for a specific tax return.

(d) Partnership Income Tax - The tax levied by Section 40-18-28, Code of Ala. 1975.

(e) Software Developer - An authorized IRS Provider that develops software for the purposes of (a) formatting the electronic portions of returns according to IRS Publication 4164 or Alabama Department of Revenue specifications and/or (b) transmitting the electronic portion of returns directly to the IRS or the Alabama Department of Revenue. A Software Developer may also sell its software.

(f) Electronic Return Originator (ERO) - A firm, organization or individual who is an authorized IRS e-file provider that originates the electronic submission of returns. Because the electronic filing process is a joint program between the IRS and the Alabama Department of Revenue, an ERO must be approved by the Internal Revenue Service to qualify for this program.

(g) AL8453-PTE - A document used to satisfy signature requirements for electronically filed S-Corporation/Partnership/LLC income tax returns submitted to the State of Alabama by an Electronic Return Originator (ERO).

(h) Accepted return - An Alabama Partnership/LLC Return of Income declaration that has successfully completed the schema and business rules validation process and the Department has sent an acknowledgement with an Acceptance Status of "Accepted" for MeF (Modernized e-File) returns.

(i) Rejected Return - An Alabama Partnership/LLC Return of Income declaration that was received but failed to complete the schema and or business rule validation process and the Department has sent an acknowledgement with an Acceptance Status of "Rejected" for MeF returns.

(j) Transmission Perfection Period - A ten (10) calendar day period from the date of the first transmission of a Partnership/LLC MeF (Modernized E-file) return of income allowed to a taxpayer to correct and resubmit a rejected electronically transmitted a Partnership/LLC Return of Income declaration that was originally timely filed.

(k) Electronic Postmark - A record of the date and time (in a particular time zone) that an authorized electronic return transmitter receives the transmission of a taxpayer's electronically filed document on its host system. However, if the taxpayer and the electronic return transmitter are located

in different time zones, it is the taxpayer's time zone that controls the timeliness of the electronically filed document.

(l) Timely Filed return - An electronic return that is received and accepted by the due date or within an extension of time for filing the partnership return according to the same manner as allowed by federal law. It also includes a timely filed rejected return that is resubmitted and accepted during the transmission perfection period.

(m) Form PTEC - Composite Return and payment by nonresident owner of Subchapter K entity as defined in 810-3-24.1.

(n) Electronic Return Transmitter - An authorized IRS e-file Provider that transmits the electronic portion of a return directly to the IRS or the Alabama Department of Revenue. An entity that provides a "bump up" service is also a Transmitter. A bump up service provider increases the transmission rate or line speed of formatted or reformatted information that it is sending to the IRS.

(o) Standard Letter of Intent (LOI) - A form which must be completed to request approval from the Alabama Department of Revenue to provide tax preparation software for electronic forms submissions. By completing this form, the software developer agrees to comply with all national security summit standards and requirements in addition to the specific Alabama requirements included in the LOI.

(p) Submission Error Rate - A Software Developer's percentage of business rule rejections compared to the total amount of returns submitted. This will be calculated by taking the total amount of business rule rejections per form type for a particular form year divided by the total amount of returns transmitted for that same form type with regards to the form year in question.

(q) Original Corporate/Partnership Income Tax Return - Any return that is required, to be filed with respect to the tax imposed as defined by Section 40-18-2, Code of Ala. 1975.

(r) Acceptable Corporate/Partnership Income Tax Return - Any original Corporate/Partnership Income Tax Return that is authorized by the Alabama Department of Revenue to be filed solely using electronic technology as defined in Section 40-30-3(2), Code of Ala. 1975.

(s) Tax Preparation Software - Any computer software program intended for accounting, tax preparation and or tax compliance.

(t) Electronic Signature Pad - An electronic device with a touch sensitive LCD screen which allows users to acquire and

register a signature or any other physical signature capture device that captures and converts a signature into an electronic format.

(u) Suitability - A check conducted on all software developers, including rebranded and white labeled products, when an application is initially processed and on a regular basis thereafter. The suitability check may include background and personal tax compliance checks conducted by the Department to ensure the software developers are eligible for participation in the Alabama Department of Revenue's e-file program.

(v) Business Acceptance or Assurance Testing (BATS) - Required testing for software developers that participate in the Alabama Department of Revenue's Business e-file program. This testing is used to assess their software and transmission capability with the Department prior to live processing.

Author: Kathleen F. Abrams, Veronica Jennings, Melissa A. Gillis
Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5); 40-30-5.
History: New Rule: Filed January 22, 2007; effective February 26, 2007. **Amended:** Filed January 27, 2014; effective March 3, 2014. **Amended:** Filed February 22, 2018; effective April 9, 2018.

**810-3-28-.04 Requirements For The Partnership/LLC Return Of
Income Declaration For Electronic Filing.**

(1) SCOPE - This rule defines the information required for the Partnership/LLC Return of Income declaration for electronic filing which includes forms 65 and PTEC that are filed through the Alabama Business Modernized E-File Program.

(2) The Partnership/LLC Income Return of Income Declaration for Electronic Filing requires the following information:

(a) The partnership/LLC's name.

(b) The partnership/LLC's Federal Employer Identification Number.

(d) The Partnership Phone Number.

(c) The partnership/LLC's address.

(e) The non-separately stated income allocated and apportioned to Alabama as reported by the electronic return.

(f) If applicable, authorization for the ADOR and its designated financial agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment

of the Partnership/LLC's Alabama taxes owed (as reported on the form PTEC if applicable), and the financial institution to debit the entry to this account.

(g) Authorization for the ADOR to discuss the return and attachments with the preparer.

(h) Consent to the disclosure of all information pertaining to the user of the computer system and software used to create the business tax return and to the electronic transmission of the business tax return to the Department.

(i) The signature of an officer/partner of the partnership/LLC, their title and date of the signature. The Department will accept a signature made on a signature pad (defined in Rule 810-3-28-.03).

(j) The signature of the electronic return originator and date of the signature.

(k) An indication whether the electronic return originator is self-employed.

(l) The firm name of the electronic return originator.

(m) The address, including the zip code, of the electronic return originator.

(n) The federal employer identification number of the electronic return originator.

(o) If the paid preparer is different from the electronic return originator, the following information is required:

1. The signature of the paid preparer and date of the signature.

2. An indication whether the paid preparer is self-employed.

3. The firm name of the paid preparer.

4. The address, including the zip code, of the paid preparer.

(3) The signatures of the officer/partner, the electronic return originator, and the paid preparer (if the paid preparer is different from the electronic return originator) must be affixed to the Alabama Form AL8453-PTE - S-Corporation/ Partnership Income Tax Declaration for Electronic Filing before the return is electronically transmitted.

(a) Members of the firm or designated employees may sign for the electronic return originator.

(b) If the taxpayer is unable to obtain the paid preparer's signature on the Alabama Form AL8453-PTE, in lieu of the paid preparer's signature the electronic return originator may attach to the Alabama Form AL8453-PTE a copy of the appropriate pages of the paper return with the paid preparer's signature.

(c) Electronic return originators and electronic return preparers are prohibited from allowing taxpayers to sign blank Alabama Forms AL8453-PTE.

(4) The completed and signed Alabama Form AL8453-PTE will serve as the filing declaration for the electronic Alabama partnership/LLC return of income and the Subchapter K Entities/S Corporations Nonresident Composite Payment Return.

(5) The completed and signed Alabama Form AL8453-PTE must be retained by the electronic return originator for a period of three years from the due date of the return or three years from the date the return was filed, whichever is later. The electronic return originator will provide the Department with the original Alabama Form AL8453-PTE within five business days of receiving a written request for the documents from the Department.

Author: Neal Hearn, Kathleen C. Abrams, Veronica Jennings, Melissa Gillis

Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5); 40-30-5.

History: New Rule: Filed January 22, 2007; effective February 26, 2007. **Amended:** Filed January 28, 2010, effective March 4, 2010. **Amended:** Filed January 27, 2014; effective March 3, 2014.

Amended: Filed January 27, 2015; effective March 3, 2015.

Amended: Filed February 22, 2018; effective April 9, 2018.

810-3-28-.05

Acceptance, Monitoring, and Revocation of Acceptance Into The Alabama Business Modernized E-File Program For Software Developers - Partnership/LLC Returns.

(1) SCOPE - This rule explains the requirements for software developers to obtain and sustain active approval to provide software that allows partnership/LLC returns to be electronically filed through the Alabama Business Modernized E-File program.

(2) Software developers must be approved on an annual basis and maintain good standing with the Department. The Department has the right to deny an applicant acceptance into the Alabama Business Modernized E-File Program. To obtain approval software developers must adhere to the following guidelines:

(a) Be accepted by and in good standing with the Internal Revenue Service (IRS) Electronic Filing Program.

(b) Have satisfactorily completed the Department's software developer suitability approval process.

(c) Have an approved Letter of Intent, with original officer signature, on file with the Department.

(d) Have satisfactorily completed the Business Acceptance Testing System (BATS) with the Department.

(3) XML Schemas (record layouts), specifications, and business rules for a complete Alabama electronic partnership/LLC return are issued annually by the Department. In addition, the Department annually releases the Alabama Business Modernized E-file Program: Handbook for Software Developers and Transmitters (Publication AL4164), which provides supplemental information pertinent to electronic return development.

(4) Software developer testing will occur in conjunction with IRS testing in accordance with Publication AL4162, Alabama Business MeF Test Package.

(5) Alabama electronic partnership/LLC returns received by the Department that are prepared by a software developer who has not completed the Department's software developer testing and has not been approved by the Department will be rejected by the Department. Paper Alabama partnership/LLC returns must then be submitted by the taxpayer, or the taxpayer may electronically file the tax return using an approved software from another software developer.

(6) The Department will conduct random monitoring visits with software developers to verify that the requirements of the Alabama Electronic Filing Program are being met.

(7) The Department reserves the right to request a copy of the most current copy of the software product that is utilized in production.

(8) The Department reserves the right to revoke the acceptance of a software developer for cause. Failure to comply with the guidelines set forth in the Alabama Business Modernized E-file Program: Handbook for Software Developers and Transmitters (Publication AL4164) is considered cause.

(9) Any of the following can result in the revocation of a software developer's acceptance into the Alabama Business Modernized E-File Program:

- (a) Conviction of a criminal offense under the revenue laws of any state or of any offense involving dishonesty, or breach of trust.
- (b) Failure to file timely and accurate tax returns, both personal and business.
- (c) Failure to pay personal tax liabilities or business tax liabilities.
- (d) Failure or refusal to effect corrective action as required by the Department.
- (e) Other facts or conduct of a disreputable nature that would reflect adversely on the Alabama Business Modernized E-File Program.
- (g) Unethical practices in return preparation.
- (g) Suspension by IRS.
- (h) Prior year submission error rate of 70% or greater.
- (i) Failure to comply with any of the items listed in section 2 of this rule.

Author: Melissa Gillis

Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5); 40-30-5.

History: New Rule: Filed January 22, 2007; effective February 26, 2007. **Amended:** Filed January 17, 2013; effective February 21, 2013. **Amended:** Filed April 4, 2014; effective May 9, 2014.

Repealed and New Rule: Filed February 22, 2018; effective April 9, 2018.

810-3-28-.06

Acceptance, Monitoring, And Revocation Of Acceptance Into The Alabama Business Modernized E-File Program For Electronic Return Originators And Transmitters - Partnership/LLC Return Of Income Tax.

(1) SCOPE - This rule explains the requirements for electronic return originators and transmitters (not to include software developers - See Rule 810-3-28-.05) to obtain and sustain active approval to serve as an Alabama Department of Revenue electronic filing agent in order to transmit returns through the Alabama Business Modernized E-File Program.

(2) Electronic return originators and transmitters accepted by and in good standing with the Internal Revenue Service (IRS) Electronic Filing Program are automatically accepted into the Alabama Electronic Filing Program. This does not include software

developers. They must complete the approval process with the Department (See Rule 810-3-28-.05).

(3) Electronic return originators and transmitters accepted into the Alabama Electronic Filing Program serve as agents of the Department, and must comply with the requirements of the program as stated in the Alabama Business Modernized E-file Program: Alabama Business Modernized E-file Program: Software Developers and Transmitters Guidelines and Schemas (Publication AL4164).

(4) The Department will conduct random monitoring visits with Electronic Return Originators and Transmitters to verify that the requirements of the Alabama Electronic Filing Program are being met.

(5) The Department reserves the right to revoke the acceptance of an electronic return originator or transmitter for cause. Failure to comply with the guidelines set forth in the Alabama Business Modernized E-file Program: Alabama Business Modernized E-file Program: Software Developers and Transmitters Guidelines and Schemas (Publication AL4164) is considered cause.

(6) Any of the following can result in the revocation of an electronic return originator's or transmitter's acceptance into the program:

(a) Conviction of a criminal offense under the revenue laws of any state or of any offense involving dishonesty, or breach of trust.

(b) Failure to file timely and accurate tax returns, both personal and business.

(c) Failure to pay personal tax liabilities or business tax liabilities.

(d) Failure or refusal to effect corrective action as required by the Department.

(e) Other facts or conduct of a disreputable nature that would reflect adversely on the Alabama Electronic Filing Program.

(f) Unethical practices in return preparation.

(g) Suspension by IRS.

Author: Kathleen F. Abrams, Melissa Gillis

Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5); 40-30-4.

History: New Rule: Filed January 22, 2007; effective February 26, 2007. **Amended:** Filed January 17, 2013; effective February 21, 2013. **Amended:** Filed February 13, 2018; effective March 30, 2018.

**810-3-28-.07 Alabama Requirements For Mandatory E-File Of
Original Partnership/Limited Liability Company
Income Tax Returns.**

(1) Scope - This rule explains the electronic filing mandate requirements and exclusions for both an income tax return preparer and the Partnership/Limited Liability Company.

(2) Definitions.

(a) Income tax return preparer - a person, firm or company who meet one of the following:

1. Any person who prepares an Alabama corporate/partnership income tax return in exchange for compensation.

2. Any person who employs another person to prepare, in exchange for compensation, any current year Alabama corporate/partnership income tax return.

3. Any accounting firm or company who employs a person or group of people who prepare, in exchange for compensation, any current year Alabama corporate/partnership income tax return.

(3) Income Tax Return Preparer Mandate.

(a) If an income tax return preparer prepares 25 or more acceptable, original corporate/partnership income tax returns using tax preparation software in a calendar year, then for that calendar year and for each subsequent calendar year thereafter, all acceptable corporate/partnership income tax returns prepared by that income tax preparer must be filed using electronic technology, as defined in the "Electronic Tax Return Filing Act," as codified in Chapter 30 of Title 40, Code of Ala. 1975.

(b) Paragraph (3a) of this rule, applies to acceptable corporate/partnership income tax returns required to be filed for taxable years beginning on and after January 1, 2009.

(c) Paragraph (3a) shall cease to apply to an income tax preparer if, during that calendar year and all subsequent years, the income tax preparer prepared no more than 15 original corporate/partnership income tax returns.

(d) Paragraph (3a) of this rule, may not be interpreted to require electronic filing of acceptable corporate/partnership

income tax returns that are required to be filed on or before January 1, 2009.

(4) Partnership/Limited Liability Company Mandate.

(a) Corporations with assets of \$5 million or more, or partnerships with 50 or more partners at the end of the corporation/partnership's taxable year are mandated to e-file Alabama corporate/partnership income tax returns, for that calendar year and all subsequent tax years.

(5) Compliance with the E-File Mandate.

(a) An income tax return preparer may be subject to a random monitoring visit for not electronically filing returns.

(b) If it is shown that failure to electronically file corporate/partnership income tax returns is due to willful neglect and no prior approval from the Department has been obtained to paper file, then that tax preparer's acceptance in the Alabama Business MeF Program shall be revoked. The tax preparer will be unable to electronically transmit corporate/partnership income tax returns to the Department.

(6) Exclusions from the E-file Mandate.

(a) If an entity is exempt from filing the federal 1065 as stated in the IRS publication 4164 for the tax year of the Alabama return being filed, then they are exempt from the Alabama e-file mandate.

(b) Opting to paper file the federal 1065 does not exclude an income tax preparer or partnership/limited liability company from the Alabama e-file mandate. To be in compliance with the Alabama e-file mandate, an accepted current tax year federal return must be transmitted electronically with the mandated electronic Alabama return.

Author: Melissa Gillis, Veronica Jennings

Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5); 40-18-40, 40-30-1 through 6.

History: New Rule: Filed January 28, 2010, effective March 4, 2010. **Amended:** Filed January 17, 2013; effective February 21, 2013. **Repealed and New Rule:** Filed November 10, 2015; effective December 15, 2015. **Amended:** Filed February 13, 2018; effective March 30, 2018.

810-3-28-.08

**Alabama Requirements For Compliance With
Administrative Rule 810-3-28-.07 (Repealed
3/30/18).**

(REPEALED)

Author: Jo Ann Ledbetter, Richard Henninger, Ann F. Winborne, CPA
Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5); 40-18-40, 40-30-1 through 6.
History: New Rule: Filed January 28, 2010, effective March 4, 2010. **Repealed:** Filed February 13, 2018; effective March 30, 2018.

810-3-28-.09 Requirements For The Alabama Electronic Partnership/LLC Return Of Income.

(1) SCOPE - To define the filing and payment requirements for an Alabama electronic partnership/LLC return of income filed through the Alabama Business Modernized E-File program. Terms are defined to clarify when an electronic return is considered to be timely filed for accepted and rejected returns.

(2) Return Filing and Payment Requirements.

(a) A complete Alabama electronic partnership/LLC return of income will consist of XML data transmitted electronically and supporting binary documents (such as .pdf documents) as required by the Alabama Corporate Modernized Electronic Filing (MeF) schemas, business rules, and Alabama Business MeF Software Developers and Transmitters Guidelines (Publication 4164). A complete Alabama electronic return must contain the same information as a comparable Alabama partnership/LLC return of income tax return as if filed entirely on paper.

(b) Partnerships/LLCs that electronically file their Alabama Partnership/LLC return of income must also pay their tax liability electronically on the Form PTEC (Nonresident Composite Payment Return) if applicable.

(3) Timely Filed Information for Accepted and Rejected Returns.

(a) The electronic postmark or IRS received date of an accepted Alabama electronic partnership/LLC return of income will be used to determine timely filing of an electronic return in the same manner that the postmarked date is used to determine timely filing of a paper Alabama partnership/LLC return of income.

(b) The electronic postmark date (based on the taxpayer's time zone) will be used as the received date of the electronic transmission if the electronic postmark date is within three (3) days of the IRS received date. However, if there is no electronic postmark date or if the electronic postmark date is greater than three (3) days of the IRS received date then the IRS received date will be used.

(c) If a timely filed electronic return is rejected, the filer has the later of 10 calendar days from the date of the first transmission or the due date of the return (with extensions) to correct the errors and resubmit the return. In order for the Department to acknowledge the transmission date of the original return, the submission ID of the original return must be transmitted in each subsequent filing. If the return is resubmitted and accepted after the due date (with extensions) or the transmission perfection period, the received date will be the transmission date of the accepted resubmitted (perfected) return and not the date that the original rejected return was submitted.

(d) Perfection of a return for electronic re-transmission is generally required when the original timely filed electronic return had errors in the XML format, or errors that caused the return to fail Alabama partnership/LLC return of income MeF schema validation and/or business rules. Therefore, the transmission perfection period is not an extension of time to file; it is a period of time to correct errors in the electronic file.

(e) If a filer is unable to correct a rejected Alabama partnership/LLC return of income electronic return to an accepted status, the filer must submit their paper return with a copy of the last rejection notification from the Department. To be considered timely filed, such paper return must be postmarked by the later of the due date of the return (including extensions) or 10 calendar days after the date that the Department last gives notification that the return was rejected. If the return is received after the due date or the transmission perfection period, the received date will be the transmission date of the return.

Author: Michaelyn N. Adams; Melissa A. Gillis

Statutory Authority: Code of Ala.1975, §§40-2A-7(a)(5), 40-30-5.

History: New Rule: Filed February 22, 2018; effective April 8, 2018.