ALABAMA DEPARTMENT OF REVENUE
ADMINISTRATIVE CODE

CHAPTER 810-3-29
FIDUCIARY RETURNS

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810-3-29-.01 Fiduciary Returns.

(1) Every fiduciary, other than one appointed by authority of law in possession of only a part of the property of a taxpayer, shall file a return for the taxpayer for whom he acts if either of the following conditions are met:

(a) the net income of the taxpayer is $1,500 or over if single or if married and not living with spouse, or combined net income is $3,000 or over if taxpayer is married and living with spouse, or

(b) if the taxpayer is an estate or trust, if the net income thereof is $1,500 or over, or if any beneficiary is a taxpayer other than a resident of Alabama.

(2) The required return should be on Form 41 "Fiduciary Return of Income," and should be made in accordance with the instructions

thereto. The fiduciary shall certify that he has knowledge of the affairs of the individual, estate or trust sufficient to enable him to make the return, and that it is to the best of his knowledge and belief true and correct. Fiduciaries are generally subject to the same provisions of law as apply to other taxpayers. For specific treatment of income and deductions of estates and trusts, see § 40-18-25 and regulation thereunder.

(3) A guardian, whether of an infant or other person, is a fiduciary and as such is required to make and file the return for his ward and pay the tax, unless the return is made and the tax is paid by the ward. The return for a ward should be filed on Form 40 "Individual Income Tax Return" rather than Form 41 generally used by fiduciaries.

(4) Returns may be filed on a calendar year or fiscal year basis. Returns are due the fifteenth day of the fourth month following the close of the taxable year.

Author:
Statutory Authority: Code of Ala. 1975, §40-18-57.
History:

810-3-29-.02 Election To Participate In The Federal/State Electronic Filing Program - Fiduciary Income Tax Returns.

(1) The Department will participate with the Internal Revenue Service in the Federal/State Electronic Filing Program for the joint electronic filing of fiduciary income tax returns, effective for tax years beginning on or after January 1, 2014.

Author: Melissa A. Gillis
Statutory Authority: Code of Ala. 1975, §§40-2A-7(a) (5), 40-30-4.
History: **New Rule:** Filed January 27, 2014; Effective March 3, 2014. **Amended:** Filed April 9, 2018; effective May 24, 2018.

810-3-29-.03 Terms And Definitions For Alabama Electronic Fiduciary Income Tax Return.

(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) Fiduciary Income Tax – The tax levied by Section 40-18-29, 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-FDT - A document used to satisfy signature requirements for electronically filed fiduciary income tax returns submitted to the State of Alabama by an Electronic Return Originator (ERO).

(h) Accepted return – An Alabama Fiduciary electronic income tax return 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 Fiduciary electronic income tax return 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 Fiduciary MeF (Modernized E-file) income tax return that a taxpayer has to correct and resubmit a rejected electronically transmitted Fiduciary MeF income tax return 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 fiduciary 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) 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.

(n) 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.

(o) 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.

(p) Original fiduciary 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 Alabama 1975.

(q) Acceptable fiduciary income tax return - Any original fiduciary 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 Alabama 1975.

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

(s) 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.

(t) 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.

(u) 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: Melissa Gillis, Veronica Jennings
Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5), 40-18-25, 40-18-29.
History: New Rule: Filed January 27, 2015, effective March 3, 2015. **Amended:** Filed April 27, 2018, effective June 11, 2018.

810-3-29-.04 Requirements For The Fiduciary Income Tax Declaration For Electronic Filing.

(1) SCOPE – This rule defines the information required for the Fiduciary Income Tax declaration for electronic filing through the Alabama Business Modernized E-File Program.

(2) The Fiduciary Income Tax Declaration for Electronic Filing requires the following information and authorizations:

(a) The estate or trust name.

(b) The estate or trust Employer Identification Number.

(c) The name and title of fiduciary.

(d) Fiduciary phone number.

(e) The fiduciary address.

(f) The Alabama taxable income reported by the electronic return.

(g) The total tax liability reported by the electronic return.

(h) The total credits reported by the electronic return.

(i) The total reductions reported by the electronic return.

(j) The refund amount reported by the electronic return.

(k) The amount due reported by the electronic return.

(l) The amount of payment remitted electronically.

(m) If applicable, authorization for the Department 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 estate/trust's Alabama taxes owed on this return, and the financial institution to debit the entry to this account.

(n) Authorization for the Department to discuss the return and attachments with the preparer.

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

(p) The signature of a fiduciary/officer of the estate or trust, their title and date of the signature. The Department will accept a signature made on a signature pad (defined in 810-3-29-.03)

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

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

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

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

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

(v) 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-FDT – Fiduciary 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-FDT, in lieu of the paid preparer's signature the electronic return originator may attach to the Alabama Form AL8453-FDT 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 a blank Alabama Form AL8453-FDT.

(4) The completed and signed Alabama Form AL8453-FDT will serve as the filing declaration for the electronic Fiduciary Income Tax Return.

(5) The completed and signed Alabama Form AL8453-FDT 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-FDT within five business days of receiving a written request for the documents from the Department.

Author: Melissa Gillis, Veronica Jennings
Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5), 40-18-29.
History: **New Rule:** Filed January 27, 2014; effective March 3, 2014. **Amended:** Filed April 9, 2018; effective May 24, 2018.

810-3-29-.05 Acceptance, Monitoring, And Revocation Of Acceptance Into The Alabama Business Modernized E-File Program For Software Developers – Fiduciary Income Tax.

(1) SCOPE – This rule explains the requirements for software developers to obtain and sustain active approval to provide software that allows fiduciary income tax 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 Alabama Department of Revenue. The Department has the right to deny any 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) Satisfactorily complete the Department's software developer suitability approval process.

(c) Submit a Letter of Intent approved by the Department, with original officer signature.

(d) Satisfactorily complete the Business Acceptance Testing System (BATS) with the Department.

(3) XML Schemas (record layouts), specifications, and business rules for a complete Alabama electronic fiduciary income tax return are issued annually by the Department. In addition, the Department annually releases the Alabama Business Modernized E-file Program: Software Developers and Transmitters Guidelines (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 fiduciary income tax 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 fiduciary income tax returns must then be submitted by the taxpayers; however, the taxpayer may electronically file their tax return using an approved software from another software developer.

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

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

(8) The Alabama Department of Revenue 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: Software Developers and Transmitters Guidelines and Schemas (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 Alabama Department of Revenue.

(e) Other facts or conduct of a disreputable nature that would reflect adversely on the Alabama Business Modernized E-File Program.

(f) 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), 40-30-6.
History: New Rule: Filed April 4, 2014; effective May 9, 2014.
Repealed and New Rule: Filed May 4, 2018, effective June 18, 2018.

810-3-29-.06 **Acceptance, Monitoring, And Revocation Of Acceptance Into The Alabama Business Modernized E-File Program For Electronic Return Originators And Transmitters - Fiduciary Income Tax.**

(1) SCOPE - This rule explains the requirements for electronic return originators and transmitters (not to include software developers - See Rule 810-3-29-.05) to obtain and sustain active approval to serve as a Department 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 810-3-29-.05).

(3) Electronic return originators and transmitters accepted into the Alabama Electronic Filing Program serve as agents of the Alabama Department of Revenue, and must comply with the requirements of the program as stated in the Alabama Business Modernized E-file Program: Handbook for Software Developers and Transmitters (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: Handbook for Software Developers and Transmitters (Publication AL4164) is considered just 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: Melissa Gillis, Veronica Jennings
Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5), 40-30-6.
History: **New Rule:** Filed January 27, 2014; Effective March 3, 2014. **Amended:** Filed April 9, 2018; effective May 24, 2018.

810-3-29-.07 Fiduciary Income Tax.

(1) For purposes of the taxes imposed upon the income of estates and trusts and paid by the fiduciary thereof, estates and trusts are classified as either resident or nonresident.

(2) Resident Estate or Trust

(a) "Resident estate" means the estate of an Alabama resident decedent.

(b) A "resident trust" means any trust created: (1) by the will of an Alabama resident decedent or (2) by a person who was an Alabama resident at the time such trust became irrevocable and that has a fiduciary or beneficiary that either resides in or is domiciled in Alabama for more than seven (7) months during the respective taxable year.

(c) The fiduciary of a trust is domiciled in Alabama if the individual, or group of individuals, who carry out the fiduciary responsibilities of the trust are located in Alabama. If the trustee is a corporate fiduciary engaged in interstate trust administration, the fiduciary is treated as being domiciled in Alabama if the trustee conducts the major part of its administration of the trust in Alabama.

(d) The fiduciary of a resident estate or trust must file a return: (1) if the estate or trust has net income over $1,500 for the taxable year or (2) if the estate or trust is claiming a qualifying net operating loss for the year.

(e) Resident estates and trusts must report all income from all sources and are allowed a credit for taxes paid to other states.

(3) Nonresident Estate or Trust

(a) "Nonresident estate or trust" means any estate or trust that does not meet the criteria of a resident estate or trust.

(b) The fiduciary of a nonresident estate or trust must file a return if the estate or trust generates income from Alabama sources.

(c) Nonresident estates or trusts must report Alabama source income in accordance with Section 40-18-14, Code of Ala. 1975.

Author: Dennice Hillard, CGFM, CPA
Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5), 40-18-29.

History: New Rule: Filed December 5, 2014, effective January 9, 2015.

810-3-29-.08 Alabama Requirements For Mandatory E-File Of Fiduciary Income Tax Returns.

(1) **Scope** – This rule explains the electronic filing mandate requirements and exclusions for both an income tax return preparer and an Estate/Trust.

(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 fiduciary income tax return in exchange for compensation.

2. Any person who employs another person to prepare, in exchange for compensation, any current year Alabama fiduciary 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 Fiduciary Income Tax Return.

(3) **Income Tax Return Preparer Mandate.**

(a) If an income tax return preparer prepares 10 or more acceptable, original fiduciary 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 fiduciary 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 fiduciary income tax returns required to be filed for taxable years beginning on and after January 1, 2016.

(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 5 original fiduciary income tax returns.

(d) Paragraph (3a) of this rule, may not be interpreted to require electronic filing of acceptable fiduciary income tax

returns that are required to be filed on or before January 1, 2016.

(4) **Estate/Trust Fiduciary Income Tax Mandate.**

(a) Estates/Trusts with 20 or more beneficiaries at the end of the Estate/Trust's taxable year are mandated to e-file Alabama fiduciary 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 Fiduciary 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 Fiduciary Income Tax Returns to the department.

(6) **Exclusions from the E-File Mandate.**

(a) If an entity is exempt from filing the federal 1041 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 1041 does not exclude an income tax preparer or Estate/Trust 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 November 10, 2015, effective December 15, 2015. **Amended:** Filed February 6, 2018, effective March 23, 2018. **Amended:** Published November 26, 2025; effective January 10, 2026.

810-3-29-.09 Requirements For The Alabama Electronic Fiduciary Income Tax Return.

(1) SCOPE - To define the filing and payment requirements for an Alabama electronic fiduciary income tax return 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 fiduciary income tax return will consist of XML data transmitted electronically and supporting binary documents (such as .pdf documents) as required by the Alabama Fiduciary Modernized Electronic Filing (MeF) schemas, business rules, and Handbook for Developers and Transmitters Guidelines (Publication 4164). A complete Alabama electronic return must contain the same information as a comparable Alabama fiduciary income tax return as if filed on paper.

(b) Fiduciaries that electronically file their Alabama fiduciary income tax return must also pay their tax liability electronically.

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

(a) The electronic postmark or IRS received date of an accepted Alabama electronic fiduciary income tax return 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 fiduciary income tax return.

(b) The electronic postmark (based on the taxpayer's time zone) will be used as the received date of the electronic transmission if the electronic postmark 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 Fiduciary 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 electronic fiduciary income tax 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, this paper return must be postmarked by the later of the due date of the return (including extensions) or ten (10) calendar days after the date that the Department last gives notification that the return was rejected. If the paper return is received after the due date or the transmission perfection period, the received date will be the postmark date of the paper 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 April 9, 2018; effective May 24, 2018.