ALABAMA DEPARTMENT OF REVENUE
ADMINISTRATIVE CODE

CHAPTER 810-3-26
INFORMATION FROM SOURCE OF INCOME

810-3-26-.01 Information Returns.

(1) All resident payers engaged in a trade or business and making nonwage payments of fifteen hundred dollars ($1,500) or more within a calendar year to any person (whether a resident or nonresident) are required to issue an information return (Federal Form 1099) to the payee and file a copy of such return with the Department. Payments which are required to be reported include all nonwage payments exceeding $1,500 which must be included in the gross income of the recipient under Title 40, Code of Ala. 1975.

(2) Information to be reported. Each Form 1099 must include the following information:

(a) The payer's name, address and taxpayer identification (federal employers identification number or social security number),

(b) The payee's name, address and taxpayer identification number,

(c) The amount of payments made during the calendar year, and

(d) The type of payment made during the year.

(3) Combined Federal/State Information Return Reporting Program. Under the Combined Federal/State Information Return Reporting Program a single filing containing the required payee information us submitted electronically to the I.R.S. by the payer. A separate filing is not required to be sent to the Department by the payer. The I.R.S. will then forward the information to the appropriate state’s Revenue Department. Departmental approval to participate in the program is not required Payer’s should contact the I.R.S. for the appropriate approval and instructions.

(a) Payers who have elected to voluntarily withhold income tax from payments referred to in this section may not participate in the Combined Federal/State Information Return Reporting Program. See Rule 810-3-75-.04 and 810-3-26-.02 for filing requirements for payers who have voluntarily withheld Alabama income tax.

(4) Filing Dates.

(a) Statement to Payee. On or before January 31 of the year following a nonwage payment, payers shall provide to each payee a completed Form 1099 as described above.

(b) Duplicate to Department. A copy of each Form 1099 Form 1096 (Annual Information Return - Summary Reports of Income Payments of $1,500 or More) must be filed with the Department on or before March 15th of the year following the year in which the payments were made.

(5) Miscellaneous Provisions.

(a) Noncash payments. If payment is made in a form other than cash, the fair market value of the noncash payment is the amount to be reported.

(b) Voluntary withholding. Withholding of Alabama income tax from payments described in this section is not mandatory. Voluntary withholding, however, is permitted. For reporting and remitting amounts voluntarily withheld, see §§40-18-74, 40-18-76, 40-18-77, 40-18-78, and Rules 810-3-75-.04 and 810-3-26-.02.

(6) Penalties.

(a) Any person who fails to comply with the requirements of this section shall be subject to the penalties provided for in §40-2A-11, Code of Ala. 1975.

(b) In addition to the penalties provided for in §40-2A-11, the $50 civil penalty provided for in §40-29-74, Code of Ala. 1975, shall apply.

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