

2017

www.revenue.alabama.gov

Alabama

Form 40 Booklet

■ Long Return ■ Residents and Part-Year Residents ■ 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

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 today to learn more and create your eID.

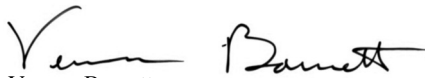
One of ADOR's primary goals is to provide prompt and efficient services for the citizens of Alabama. We are continually updating our processes and developing new technology to meet our goals. This new technology is used to prevent identity theft and to process returns more efficiently. In doing so, valid 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 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 for downloadable forms, fill-in-forms, instructions, and the most 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, 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 40 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 filing a return for a deceased person.

■ **Section 5** contains instructions for completing Schedule A for those taxpayers itemizing their deductions. Also included are instructions for Schedules B, CR, DC, D, and E.

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.

Common Mistakes Which Delay Refunds

Incorrect Name. Your refund will be issued in the name(s) appearing on your return. If your name is illegible or misspelled, your refund may be issued in the wrong name.

Incorrect Address. Last year the U.S. Postal Service was unable to deliver thousands of refunds due to incorrect addresses, or because the taxpayer moved and failed to leave a forwarding address.

Incorrect Social Security Number. Last year approximately 80,000 returns were received with missing or incorrect social security numbers. Your social security number is very important; it is used for identification of your file. Please compare the number on your return with the number on your social security card.

Show in the blocks provided the social security numbers in the same order as the first names. For example, the social security number of the first name listed should be entered in the box headed "Your social security number." The social security number of the second name should be entered in the box headed "Spouse's social security number." If separate returns are filed, the person filing the return should enter his or her social security number in the box headed "Your social security number," and enter the spouse's name and social security number on line 3. It is very important that the social security numbers be listed in this order so your refund will be issued in the correct name.

Legibility. On many returns, the name, address, or social security number is not readable. If this happens, the wrong information may be recorded, and your refund check may be delayed. Make sure that the information you enter on the return is readable.

Missing Withholding Statement (W-2). Make certain the "State Copy" of all forms W-2 wage and tax statements are included, W-2s are frequently missing. The Department will consider the return incomplete if all required information is not included.

Incorrect Computation. Many returns must be corrected each year by the Department due to simple math errors. Before mailing your return, double check the addition and subtraction to make sure the math is correct. This is a good idea even if someone else prepares your return.

Misdirected Mailing. Each year thousands of returns are mailed to the Internal Revenue Service instead of the Alabama Department of Revenue.

Filing More Than One Return. File only one Form 40, 40A, 40NR or electronic return for each tax year. If it is necessary to amend your original return, you must file a completed return with the "Amended Return" box checked. The amended return will be processed after your original return has been processed.

Filing Copies. A copy of a return is not acceptable unless it has the taxpayer(s) original signature(s).

Missing Signatures. Thousands of unsigned returns are received each year by the Department. Before we can process them, these returns must be returned to the taxpayers for signatures. If a joint return is filed, both spouses must sign the return.

Other Reasons For Refund Delays

You Have Not Paid All Taxes Due From a Previous Year. If you owe tax for a prior year, your refund will be applied to pay that deficiency. Any amount remaining will be refunded to you. This will generally delay your refund 12 weeks or more.

Setoff Debt Collection. If the Alabama Department of Human Resources, the Alabama Department of Labor, the Administrative Office of Courts, the Alabama Medicaid Agency, Alabama League of Municipalities, or Association of County Commissions of Alabama has notified the Alabama Department of Revenue that your account is delinquent on a debt repayment, any public assistance program (including the Child Support Act of 1979, Chapter 10, Title 38), any Medicaid assistance program, or Local Government Entity your refund will be applied to that debt. **Note:** See **Setoff Debt Collection** on page 18 for further information.

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.

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 re-

When Should I Expect My Refund?

Wait At Least 90 Days For Your Refund

If you do not receive your refund within 90 days of mailing your return, go to www.revenue.alabama.gov, then click on "Where's My Refund", or complete Form IT-489. This form can be obtained at our website <https://revenue.alabama.gov/forms/?d=individual-corp> or at any of our Alabama Taxpayer Service Centers listed on page 2 of this booklet. If you call about your refund, have a copy of your return with you or the Department may be unable to assist you.

Each year the Alabama Department of Revenue receives over 1.8 million income tax returns. Of this number, over 1 million taxpayers receive refunds. The Department makes every effort to process your refund as quickly as possible, and there are several things you, the taxpayer, can do to help us accomplish this.

The date you file your return and how you file determines when you can expect your refund. For example, electronically filed returns are received and processed significantly faster than returns that are mailed to the Department of Revenue. Also, if you mail in an error-free return in January or February, you can expect to receive your refund sooner than if you wait until March or April to file. Returns filed this close to the deadline may require 90 days to process.

turn 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 as to change of 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 the military 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 military person with income earned in Alabama may file either a separate return claiming himself or 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. 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 his or her 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 will have to pay penalties and interest. (See Penalties and Interest on page 17.)

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 17.)

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 dividend income which cannot exceed \$,1500.

- You are not claiming income or 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.

Part-Year Residents

Part-year residents of Alabama should only report income earned while a resident of Alabama. Itemized deductions must be prorated to reflect only those expenses incurred while a resident of Alabama. Federal Tax Liability must be prorated by applying a percentage of Alabama adjusted gross income to Federal adjusted gross income in order to calculate the amount deductible on line 12 of Form 40. Part-year residents are allowed to deduct the full standard deduction, personal, and dependent exemptions.

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 source 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 nonresident during the same tax year. In this case, both the total personal exemption and the dependent exemption must be claimed on 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 during the period of residency, and the nonresident return should include only income and deductions during the period of non-residency.

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: |
|---------------------------|--|----------------------------|--|
| Full Year Resident | 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 |
| Part Year Resident | Married and living with your spouse at the end of 2017 (or on the date your spouse died) | Married, joint return | \$10,500 |
| | | Married, separate return | \$ 5,250 |
| | Single (including divorced and legally separated) | Single | \$ 4,000 (while an Alabama resident) |
| | | Head of family | \$ 7,700 (while an Alabama resident) |
| Nonresident | Married and living with your spouse at the end of 2017 (or on the date your spouse died) | Married, joint return | \$10,500 (while an Alabama resident) |
| | | Married, separate return | \$ 5,250 (while an Alabama resident) |
| | | Single or head of family | Over the allowable prorated exemption: |

SECTION

2 Steps for Preparing Your Return

By following these four useful steps, and reading the specific instructions, 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 expense records so he or she can fill in your return correctly. Remember, if someone else prepares your return incorrectly — **you are still responsible.**

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. Also see page 31 for more information.

Step 3

Sign and date your return.

Form 40, 40A, or 40NR is not considered a return unless you sign it. Please sign the return 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 4

Attach all necessary forms and schedules.

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

If you need more space on forms or schedules, attach separate sheets and use the same format as 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 your payment and Form 40V with your return.

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 why a social security number is reported incorrectly:

- failed to enter 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 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: Please 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, 2017 you were unmarried or separated from your spouse either by divorce or separate maintenance decree.

If you check box 1, enter \$1,500 on line 13.

Married – Joint or Separate Returns?

Joint Returns. Most married couples pay less tax if they file a joint return. If you 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.

CAUTION: You cannot file a joint return if you are a resident of Alabama and your spouse is a resident of another state. You should file as "married filing separate."

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 18.

If you check box 2, enter \$3,000 on line 13.

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 on line 3. If your spouse is not required to file, attach a statement explaining why.

If you check box 3, enter \$1,500 on line 13.

Head of Family

An individual shall be considered "Head of Family" 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 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 of 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. But if your married 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 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.

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 resident 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

All income is subject to Alabama income tax unless specifically exempted by state law. The term “income” includes, but is not limited to, salaries, wages, commissions, income from business or professions, alimony, rents, royalties, interest, dividends, and profits from sales of real estate, stocks, or bonds. Military pay is taxable income except for compensation received for active service in a designated combat zone.

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:

- Wages including salaries, fringe benefits, bonuses, commissions, fees, and tips.
- Dividends (Schedule B).
- Interest on: bank deposits, bonds, notes, Federal Income Tax Refunds, mortgages on which you receive payments, accounts with savings and loan associations, mutual savings banks, credit unions, etc. (Schedule B).
- Original Issue Discount (Schedule B).
- Distributions from an Individual Retirement Arrangement (IRA) including SEPs 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 payments received from and deductible by your spouse or former spouse.
- Life insurance proceeds from a policy you cashed 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).
- Pensions and annuities other than those listed in “Examples of Income You DO NOT Report.”
- Lump-sum distributions, endowments.
- 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.
- Rents and Royalties (Schedule E).
- Your share of estate or trust income (Schedule E).
- Prizes and awards (contests, lotteries, and gambling winnings).
- 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 deducted in a prior year and resulted in a tax benefit.
- Payments received as a member of a military service are taxable except for combat pay and certain allowances.
- Property transferred in conjunction with performance of services.
- 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.
- 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.

■ Death benefits received by a designated beneficiary of a peace officer or fireman killed in the line of duty.

■ 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).

■ Alabama College Counts 529 fund.

■ Income received from the Department of Defense as a result of a member of the military killed in action in a designated combat zone.

■ Any income earned by the spouse in the year of death of a member of the Military who has been killed in action in a designated combat zone.

■ Beginning January 1, 2016, all income, interest, dividends, gains or benefits of any kind received from an ABLE (Achieving Better Life Experience) savings account.

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.

Line 5

Wages, Salaries, Tips, Etc.

Report all W-2 information on Schedule W-2. See Schedule W-2 instructions for more information. On column B – “Income”, enter the amount from Schedule W-2, Line 18, Column I plus Column J.

NOTE: If you are a resident of Alabama and you earn wages in more than one state, include the total “State Wages” from all states.

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.

Part-year Residents. If you were a resident of Alabama for only a part of the year, enter only the income

earned during the period of residence in Alabama.

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, traveling salespeople, and certain homeworkers.

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

Alabama Income Tax Withheld

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 the following 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.

Line 6

Interest and Dividend Income

Enter your **TOTAL** taxable income from interest and dividends. If the total taxable and nontaxable interest and dividends you received in 2017 is \$1,500 or more, you must complete and attach **Schedule B**. Part-year residents enter only the amount of interest and dividend income earned during the period of residency.

The payer should send you a **Form 1099-INT, Form 1099-OID, or 1099-DIV**, if applicable, showing interest or dividends you must report.

To see what interest and dividends are taxable, read the instructions for Schedule B in this booklet.

Line 7

Other Income

All taxable income you received that is not reported on lines 5 and 6 should be entered on line 7. This includes rents, royalties, gains from sale of property, items not included in "State wages" box on W-2 forms, 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 2, Part I, and attach the appropriate schedule(s).

Line 9

Adjustments to Income

If you made payments to a traditional Individual Retirement Arrangement (IRA) or to a Keogh plan, you may be entitled to claim these payments as an adjustment to income.

Also deductible as an adjustment to income are penalties you incurred for the early withdrawal of interest before maturity.

You can deduct payments of alimony or separate maintenance made under a court decree to the same extent allowed for federal income tax purposes.

Certain legal and medical expenses paid or incurred in the adoption of a minor are deductible as an adjustment to income.

Employees and self-employed persons may deduct certain moving expenses. The new job location must be within the state of Alabama.

Self-employed persons may deduct health insurance premiums to the same extent as allowed for federal purposes.

For more information on the above exclusions, please see the instructions for Part II on page 16.

The total adjustments to income from page 2, Part II, line 12 should be entered on page 1, line 9.

Line 10

Adjusted Gross Income

If the amount on line 10 is less than zero, you may have a net operating loss that you can carry to another tax year. If you carry the loss back to earlier years, you should check the amended return box on your **Form 40** and attach **Form NOL-85** and/or **Form NOL-85A**.

Line 11

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.

Part-year residents of Alabama may claim only the itemized deductions **actually paid** during the period of Alabama residency.

Itemized Deductions. If you elect to itemize your deductions, you should check **box a** on line 11 and complete and attach **Schedule A**.

Standard Deduction. If you elect to claim the Standard Deduction, you **must** check **box b** on line 11 and use the Standard Deduction chart on page 9 to determine your allowable deduction. A dependent or student may take the standard deduction even if claimed as a dependent by someone else.

Line 12

Federal Income Tax Deduction

Use your 2017 federal income tax return and the worksheet on page 9 to determine your federal income tax deduction.

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.

Joint Federal and Separate Alabama Returns, or

Part Year Residents. If a married couple elects to file a joint federal return and separate Alabama returns, the federal income tax liability must be determined by a ratio of each spouse's federal adjusted gross income to total joint federal adjusted gross income, or if filing as a part year resident, the ratio of Alabama adjusted gross income to federal adjusted gross income. This calculation is required regardless of the method used in claiming other deductions.

Line 13

Personal Exemption

Enter the personal exemption from line 1, 2, 3, or 4.

Note: *Part year residents are allowed the full exemption amount. A dependent or student may take the personal exemption even if claimed as a dependent by someone else.*

Line 14

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.

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 Part III on

Standard Deduction

| Married Filing Joint | | Married Filing Separate | | Head of Family | | Single | |
|---------------------------------------|--------------------|---------------------------------------|--------------------|---------------------------------------|--------------------|---------------------------------------|--------------------|
| AL Adjusted Gross Income (AL Line 10) | Standard Deduction | AL Adjusted Gross Income (AL Line 10) | Standard Deduction | AL Adjusted Gross Income (AL Line 10) | Standard Deduction | AL Adjusted Gross Income (AL Line 10) | 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 |

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 a Earned Income Credit (EIC). Enter the amount from line 66a, Form 1040, line 42a on Form 1040A or line 8a on Form 1040EZ | 4a | | |
| | 4b | | |
| | 4c | | |
| | 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. If amount is negative enter zero | 6 | | |

Alabama Use Tax Worksheet

Report 2017 purchases for use in Alabama from out-of-state sellers on which tax was not collected by the seller.

1. All purchases EXCEPT automotive vehicles and farm machinery
2. ATVs, off-road motorcycles, riding lawnmowers, self-propelled construction equipment and other automotive vehicles that are not titled or registered by the county licensing official
3. Farm machinery or equipment and replacement parts thereof
4. **TOTAL TAX DUE (Total of Column C). Carry this amount to Form 40 Line 19**

| Column A | Column B | Column C |
|----------------------|----------|--|
| Total Purchase Price | Tax Rate | Tax Due – (Multiply Col. A by Col. B) |
| | .04 | |
| | .02 | |
| | .015 | |
| | | |

page 2. The amount entered on page 2, Part III, line 2, should be entered on page 1, line 14.

Use the following chart to determine the per-dependent exemption amount.

| Amount on Page 1, Line 10 | Dependent Exemption |
|---------------------------|---------------------|
| 0 - 20,000 | 1,000 |
| 20,001 - 100,000 | 500 |
| Over 100,000 | 300 |

Line 17

Figuring Your Tax

You must figure your tax from the **Tax Tables** 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 Operating Loss from another year you must complete and attach **Form NOL-85A**.

Line 18

Net Tax Due Alabama

If you are using tax credits to reduce your tax you must use Schedule NTC to compute your net tax due. You must check the box to indicate you are using Schedule NTC to compute your net tax due. If you do not have any tax credits then enter the amount from line 17.

Credits

Credit for Taxes Paid to Another State. You must complete Schedule CR and you must attach a copy of other state's return or W-2G's if the taxing state does not allow a return to be filed for gambling winnings.

The credit is provided to prevent the double taxation of income and is only available to legal residents of Alabama filing Form 40 who have income from sources outside of Alabama that is being taxed by Alabama and another state (or territory of the United States) in the same tax year. Residents of Alabama for only a part of the tax year can claim this credit only if the returns filed with Alabama and the other state cover the same periods.

If the state for which you are claiming a credit allows for credits instead of personal exemptions, call (334) 242-1170 for further information in converting this credit for Alabama purposes.

No credit is allowable when the income from sources outside of Alabama is totally offset by a corresponding deduction. However, income from sources outside of Alabama that is reported on the return and not totally offset by a corresponding deduction may result in a credit. In such cases the credit is limited to the lesser of the tax actually due to the other state or territory or the amount that would be due on the same income computed at the income tax rate in Alabama. An example of this situation is shown in the booklet in the instructions for Schedule CR on page 22. The Schedule CR calculation should not be used by a taxpayer who paid income tax to a foreign country. Taxpayers who paid taxes to a foreign country should use Part L of Schedule OC. Please see rule 810-3-21-.03 for calculation of credit when tax was paid to a foreign country.

For further information for Schedule CR see page 22.

Schedule OC. Schedule OC must be completed if you are claiming Credit For Taxes Paid To Another State, Basic Skills Education Credit, Rural Physician Credit,

Coal Credit, Alabama Enterprise Zone Credit, Full Employment Act of 2011 Credit, Heroes for Hire Tax Credit Act of 2012 (employee credit), Heroes for Hire Tax Credit Act of 2012 (business start-up expense credit), Credit for Taxes Paid to a Foreign Country and Neighborhood Infrastructure Incentive Plan 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*.

Alabama Enterprise Zone Act Credit. To stimulate business and industrial growth in depressed areas of the state, Alabama offers certain tax incentives to corporations, partnerships, and proprietorships which locate or expand within a designated enterprise zone. These tax credit incentives were enacted by Act No. 87-573 of the Alabama Legislature and signed into law on July 22, 1987 as the "Alabama Enterprise Zone Act."

In order to qualify for the tax credits, a business **must be located within a designated zone** as approved by the Alabama Department of Economic and Community Affairs.

If a credit is earned by a partnership or S corporation, the credit will be distributed to each partner or shareholder based on the percentage of ownership. The partnership or S corporation should advise each partner or shareholder of the amount of his/her income subject to this credit.

For further information regarding the "Alabama Enterprise Zone Act" and the necessary forms to claim this credit, you should contact:

**Alabama Department of Economic and Community Affairs
Development Division
401 Adams Avenue
P. O. Box 5690
Montgomery, AL 36103-5690
Phone (334) 242-8672**

or

**Alabama Department of Revenue
P.O. Box 327410
Montgomery, AL 36132-7410
Phone (334) 242-1170**

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.**"

Full Employment Act of 2011 Credit. This credit is available to small business that creates new jobs paying more than ten dollars per hour. A small business is defined as a business that employs 50 or fewer employees. The credit shall equal \$1,000 dollars for each qualifying new full time employee. The credit is available in the tax year during which the employee has completed 12 months of consecutive employment. The employer must have a net increase in the total number of full time employees in Alabama on the last date of each tax year during which employees are hired for which the employer

claims a credit, over the number employed in Alabama as of the last day of the preceding tax year.

Heroes for Hire Tax Credit Act of 2012 Employee Credit. This credit is available to small businesses that hire recently deployed and now discharged unemployed veterans. The credit is \$1,000 and is in addition to the credit allowed by the Full Employment Act of 2011. The employer cannot take this credit for any employee that claims a business start-up credit allowed under the Heroes for Hire Tax Credit Act of 2012.

Heroes for Hire Tax Credit Act of 2012 Business Start-Up Expense Credit. This credit is available to recently deployed and now discharged unemployed veterans who start their own business. The amount of this credit is up to \$2,000. To qualify the recently deployed unemployed veteran must hold at least 50 percent ownership interest in the business which must be located in Alabama and show a net profit of at least \$3,000 for the year in which the credit is taken. The recently deployed unemployed veteran is not allowed to claim this credit if an employer has claimed a hire credit for him or her under the Heroes for Hire Tax Credit Act of 2012.

Irrigation System/Reservoir System Credit. This is a one-time, one purchase credit available to any agricultural trade or business as described in the 2007 North American Industry Classification System, Sector 11. This one-time credit is taken the year the system is placed in service. The credit is equal to 20 percent of the cost of the purchase and installation of any qualified irrigation equipment and any conversion costs related to the conversion of irrigation equipment from fuel to electricity or 20 percent of the cost of constructing the qualified reservoir. The credit shall not exceed \$10,000 and shall not exceed the taxpayer's Alabama income tax liability computed without regard to the credit. Any remaining credit not utilized in the year placed in service may be carried forward for up to 5 years. Taxpayers can either take a credit for an irrigation system or a reservoir but not both. Qualified irrigation equipment is any equipment used by an agricultural trade or business in irrigation systems, including but not limited to equipment used to construct irrigation systems and water wells. A qualified reservoir is an off-stream upland reservoir used as a source of water for irrigation by an agricultural trade or business.

Credit for Taxes Paid to a Foreign Country. This credit is only allowed to resident individual owners of Subchapter K entities, Alabama S corporations, and resident beneficiaries of an estate or trust on their proportionate share of the entity's tax paid or accrued on foreign income. This credit does not apply to wages or any other type income earned in a foreign country. The amount of the credit allowable is 50 percent of the taxpayer's proportionate share of the income taxes paid or accrued to a foreign country by the entity or the tax using Alabama tax rates on the taxpayer's proportionate share of the entity's income derived from the foreign country whichever is less.

Neighborhood Infrastructure Incentive Plan Credit. This credit is available to homeowners and business owners who form a neighborhood infrastructure authority in existing neighborhoods to manage and finance local projects. The credit is equal to 10 percent of the amount of assessment paid not to exceed \$1,000 in any tax year for a period not exceeding 10 successive years. Do not include condominium, homeowner, or neighborhood homeowner association fees. These do not qualify as a "Neighborhood Infrastructure Incentive Plan Credit."

Schedule AATC. Schedule AATC must be completed if you are claiming the Credit for Transferring from Failing Public School to Nonfailing Public School or Non Public School and/or Credit for Contributing to Scholar-

ship Granting Organization.

Credit for Transferring from Failing Public School to Nonfailing Public School or Non Public School.

This credit is available to taxpayers who transfer their child from a failing public school to a nonfailing public school or nonpublic school. The amount of the credit is the lesser of 80 percent of the average annual state cost attendance for a public K-12 student during the applicable tax year or the Actual cost of attending a nonfailing public school or nonpublic school. For more information go to www.revenue.alabama.gov.

Adoption Credit. Taxpayers that reside in Alabama can take a tax credit of \$1,000 for a private intrastate adoption or the adoption of a qualified foster child. You must attach a completed Schedule AAC to claim the credit. To qualify for an adoption through a private agency the birth mother, the baby and the adoptive parent(s) must reside in Alabama. To qualify for an adoption of a foster child the foster child must be in the permanent legal custody of the Alabama Department of Human Resources.

Credit for Contributing to Scholarship Granting Organization. This credit is available to taxpayers who make a contribution to an approved scholarship granting organization. The credit is the amount contributed to the scholarship granting organization for educational scholarships during the taxable year for which the credit is claimed up to 50 percent of the tax liability of the taxpayer not to exceed \$50,000 per taxpayer or married couple filing jointly. For more information go to www.revenue.alabama.gov.

Line 19

Consumer Use Tax

Review the purchases you made during 2017. If you purchased items for use in Alabama from out-of-state sellers who did not charge sales or use tax, you owe consumers use tax on the items. If you made no purchases from out-of-state sellers, enter 0 (zero) on line 19 and check the box.

Use tax is the counterpart of the sales tax. State use tax is imposed at the same rate and on the same type of transactions as sales tax and is due from the consumer when the sales tax is not collected. When you purchase merchandise from a retail store or other business establishment in Alabama, the seller is required to collect sales tax on the purchase. When you purchase merchandise from a business located outside of Alabama the seller might collect use tax on the purchase. However, not all out-of-state businesses are registered and required to collect Alabama tax. As the consumer, you are responsible for ensuring that sales or use tax is paid on your purchases. When you purchase merchandise for storage, use or consumption in Alabama and the retail seller does not collect tax on the purchase, you must report and pay consumer use tax on the purchase price. Usually, these purchases are made from catalogs, over the internet, or by telephone and include items such as:

- Clothing
- Books
- Computers
- Computer Software
- Furniture

- Magazine Subscriptions
- Sporting Goods
- Jewelry
- Electronic Equipment
- CDs, DVDs, Audio & Video Cassettes
- Photographic Equipment
- Musical Equipment
- Automotive Accessories and Parts
- ATVs
- Lawn and garden equipment

Applicable State Use Tax Rates

The general use tax rate of 4% applies to all purchases of merchandise, except where a different rate of tax is expressly provided.

The automotive use tax rate of 2% applies to purchases of automotive vehicles. Where any used vehicle is traded-in on the purchase of a new or used vehicle, the tax is due on the trade difference, that is, the price of the new or used vehicle purchased less the credit for the used vehicle taken in trade. The county licensing official will collect the tax due on purchases of automotive vehicles that are required to be titled or registered including purchases of automobiles, trucks, trailers, mobile homes, and motor boats. Do not include purchases of vehicles that are titled or registered in the calculation on the worksheet on page 9. **You must report and pay the use tax due on other purchases of automotive vehicles including ATVs, off-road motorcycles, riding lawnmowers, self-propelled construction equipment, and other self-propelled instruments of conveyance.**

The agriculture use tax rate of 1-1/2% applies to purchases of machinery or equipment used in connection with the production of agricultural products, livestock, or poultry on farms and the replacement parts for such machinery or equipment. Where any used farm machinery or equipment is traded-in on the purchase of new or used farm machinery or equipment, the tax is due on the trade difference, that is, the price of the new or used machinery or equipment less the credit for the used machinery or equipment taken in trade.

Local Use Tax: City and County use tax may also be due and should be reported and paid to the appropriate local tax authority. For information about reporting local use tax please see the department's web page at www.revenue.alabama.gov.

You can use either the Alabama Use Tax Table on page 11 or the worksheet on page 9 if you only have Internet or catalog purchases that do not include automotive vehicles, farm machinery, or farm machinery replacement parts; otherwise use the worksheet on page 9 to compute Alabama Use Tax. For more information regarding consumers use tax call (334) 242-1490.

Line 20

Alabama Election Campaign Fund

If you wish to make a voluntary contribution to Alabama's Democratic Party or Republican Party indicate the amount and party by checking the proper box(es) on lines 20a or 20b.

Each individual may contribute \$1 to either party. If a joint return is filed, each spouse may contribute \$1 to either party. If you make a voluntary contribution to this fund it **WILL INCREASE** your tax by the amount of the contribution.

The total amount entered on line 20a or 20b cannot exceed \$2 for a married couple filing a joint return or \$1 for all other filers.

Alabama Use Tax Table
for General Internet and Catalog Purchases

| Purchases Subject to Use Tax | | | | Purchases Subject to Use Tax | | | |
|------------------------------|---------------|-------------|--|------------------------------|---------------|-------------|--|
| At least | But less than | Use Tax Due | | At least | But less than | Use Tax Due | |
| 0 | 50 | 1 | | 1,250 | 1,300 | 51 | |
| 50 | 100 | 3 | | 1,300 | 1,350 | 53 | |
| 100 | 150 | 5 | | 1,350 | 1,400 | 55 | |
| 150 | 200 | 7 | | 1,400 | 1,450 | 57 | |
| 200 | 250 | 9 | | 1,450 | 1,500 | 59 | |
| 250 | 300 | 11 | | 1,500 | 1,550 | 61 | |
| 300 | 350 | 13 | | 1,550 | 1,600 | 63 | |
| 350 | 400 | 15 | | 1,600 | 1,650 | 65 | |
| 400 | 450 | 17 | | 1,650 | 1,700 | 67 | |
| 450 | 500 | 19 | | 1,700 | 1,750 | 69 | |
| 500 | 550 | 21 | | 1,750 | 1,800 | 71 | |
| 550 | 600 | 23 | | 1,800 | 1,850 | 73 | |
| 600 | 650 | 25 | | 1,850 | 1,900 | 75 | |
| 650 | 700 | 27 | | 1,900 | 1,950 | 77 | |
| 700 | 750 | 29 | | 1,950 | 2,000 | 79 | |
| 750 | 800 | 31 | | 2,000 | 2,050 | 81 | |
| 800 | 850 | 33 | | 2,050 | 2,100 | 83 | |
| 850 | 900 | 35 | | 2,100 | 2,150 | 85 | |
| 900 | 950 | 37 | | 2,150 | 2,200 | 87 | |
| 950 | 1,000 | 39 | | 2,200 | 2,250 | 89 | |
| 1,000 | 1,050 | 41 | | 2,250 | 2,300 | 91 | |
| 1,050 | 1,100 | 43 | | 2,300 | 2,350 | 93 | |
| 1,100 | 1,150 | 45 | | 2,350 | 2,400 | 95 | |
| 1,150 | 1,200 | 47 | | 2,400 | 2,450 | 97 | |
| 1,200 | 1,250 | 49 | | 2,450 | 2,500 | 99 | |

If purchases are over \$2,499 use the Alabama Use Tax Worksheet on page 9

Line 22

Alabama Income Tax Withheld

Enter the total Alabama income tax withheld as shown on line 5A.

Line 23

2017 Estimated Tax Payments/ Automatic Extension Payment

Enter on this line any payments you made on your estimated Alabama income tax (Form 40ES) for 2017 or automatic extension (Form 40V).

CAUTION — DO NOT INCLUDE:

- The amount shown on line 30 of your 2016 Form 40. This is the balance you owed for the tax year 2016, and cannot be claimed as paid on your 2017 estimated tax even though you paid it in 2017.

- 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.

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 40 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, your 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 25

Refundable Portion of Alabama Accountability Act

Enter the amount from Schedule AATC, line 40.

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 **received** from your original return and amended return(s).

Line 30

Amount You Owe (If line 21 is larger than line 29)

Subtract line 29 from line 21, and enter the amount on line 30 – this is the amount you owe the State of Alabama. It must be paid using Form 40V.

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 40," 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. You can also pay your taxes by credit card online by visiting Value Payment Systems at www.payaltax.com. Discover/NOVUS®, MasterCard®, Visa® and American Express® cards are currently being accepted. There is a convenience fee for this service. This fee is paid directly to the company you use based on the amount of your tax payment.

How do I pay by ACH Debit (E-Check)?

You may pay by ACH Debit by going to 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 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 17. 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 underestimation penalty. See the Underpayment Penalty Section on page 17 of this booklet. You may need to complete Form 2210AL. See page 31, "How to Obtain Forms."

Line 32

Overpayment (If line 29 is larger than line 21)

Subtract line 21 from line 29, and enter the amount on line 32 – this is the amount you overpaid.

NOTE: The Alabama Department of Revenue will issue you a Form 1099-G for the overpayment amount.

If you elect to itemize deductions on your 2017 Federal return and claim a deduction for Alabama Income

Tax paid in 2017, the amount shown on line 32 should be reported as income on your 2018 Federal return.

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. (Place amount on line 33.)

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. The amount entered on this line can only be claimed as a credit on your 2018 Alabama return.

Line 34

Donation of Refunds

Enter amount from Schedule DC, line 2. (See page 22.)

You may elect to donate all or part of your overpayment, as shown on page 1, line 32, to one or more of the funds as provided by the Alabama Legislature. The amounts entered on these lines will be paid to the programs you indicate. Any amount you contribute may be claimed as an itemized deduction when you file your 2018 Alabama Income Tax Return. (**Caution:** When reporting your refund on your 2018 Federal return, you should report the amount of overpayment shown on line 32.)

NOTE: Amounts contributed to these funds **WILL REDUCE** your refund. Also, once an election is made to contribute to these funds, that election is irrevocable and cannot later be refunded. If your return is corrected by the Department, the amount contributed cannot be used to pay any additional tax due.

Line 35

Refunded to You

Subtract the amounts on lines 33 and 34 from the amount on line 32. You should receive a refund for the overpayment. If you file an early, accurate return, we will be able to process your refund more quickly. See "**When Should I Expect My Refund?**" and "**Common Mistakes That Delay Refunds**" on page 4 of this booklet for further information about your refund.

Sign Your Return

Form 40 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 18.

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 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 responsible 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.

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

Where To File

Your envelope should be addressed in accordance with one of the following examples:

If you are not making a payment, mail your return to:

Alabama Department of Revenue
P.O. Box 154
Montgomery, AL 36135-0001

If you are making a payment, mail your return, Form 40V and payment to:

Alabama Department of Revenue
P.O. Box 2401
Montgomery, AL 36140-0001

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

Alabama Department of Revenue
Income Tax Division
P.O. Box 327464
Montgomery, AL 36132-7464

Page 2, Part I Other Income

Line 1

Alimony Received

Enter the amounts you received as alimony or separate maintenance. Amounts you received in 2017 are taxable to the same extent as for federal purposes.

If you received payments under a divorce or separation instrument after 1984, see the instructions for Part II, line 4 for information in determining whether these payments qualify as alimony.

Transfers of Property Between Spouses or Former Spouses. In general, no gain or loss will be recognized on a transfer of property between spouses or former spouses. Please refer to Federal Law for more details.

Lines 2

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 before 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.

■ **Office and Home Expense.** Alabama Law has no provision similar to current Federal Law which limits

WORKSHEET – Partially Taxable Pensions, Annuities, and IRA Distributions.

Use Worksheet to report IRA distributions, other distributions, and pension and annuity income which are not fully taxable. If a distribution is fully taxable, it is not necessary to complete this worksheet

Not Fully Taxable Pensions, Annuities, and IRA Distributions (Include SEP, Keogh, 401(k)(2), and 403(b) Distributions)

| A – IRA, SEP, Keogh, 401(k)(2), or 403(b) Distributions you received in 2017 which included nondeductible contributions. | | | |
|--|---|----|----|
| 1 | Enter the Total Value (including withdrawals) of your account at the end of the taxable year | 1 | 00 |
| 2 | Nondeductible Contributions (see instructions). Enter the total of all amounts you contributed that did not qualify as an adjustment to income | 2 | 00 |
| 3 | Enter the total of all amounts you have withdrawn and excluded from income in a previous year’s Alabama return | 3 | 00 |
| 4 | Balance of Nondeductible Contributions . Subtract line 3 from line 2 | 4 | 00 |
| 5 | 2017 Withdrawals . Enter the amount you withdrew during the 2017 taxable year | 5 | 00 |
| 6 | Exclusion Ratio . Divide the amount on line 4 by the amount on line 1 | 6 | % |
| 7 | Amount of Exclusion . Multiply the amount on line 5 by the percentage on line 6. Enter the result here, but DO NOT enter more than the amount on line 4 | 7 | 00 |
| 8 | Amount Taxable . Subtract the amount on line 7 from the amount on line 5. If an IRA Distribution, enter result here and on Form 40, page 2, Part I, line 4b. If other than an IRA Distribution, enter the result on line 5b. ▶ | 8 | 00 |
| B – Pensions, annuities, etc., you first began receiving after December 31, 1986 in which you had a cost basis. | | | |
| 9 | Enter the total amount received this year | 9 | 00 |
| 10 | Amount Taxable . Use Federal Simplified General Rule or Federal General Rule (see page 15 of instructions) ▶ | 10 | 00 |
| C – Pensions, annuities, etc., you first began receiving prior to January 1, 1987 in which you have not recovered your cost. | | | |
| 11 | Enter amount received this year | 11 | 00 |
| 12 | Enter the amount of your unrecovered cost | 12 | 00 |
| 13 | Amount Taxable . Subtract line 12 from line 11 ▶ | 13 | 00 |
| 14 | TOTAL AMOUNT TAXABLE . Add the amounts on lines 10 and 13. If an IRA Distribution, enter the total here and on Form 40, page 2, Part I, line 4b. If other than an IRA distribution, enter on line 5b. ▶ | 14 | 00 |

the amount of otherwise deductible office and home expense.

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 2.

Line 3

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

If you sold real estate, stocks, bonds or other capital assets, use Schedule D to report the net gain (or loss). Schedule D is also used to report the net gain (or loss) from involuntary conversion of capital assets that are NOT held in connection with a trade or business, or a transaction entered into for profit.

If you sold your personal residence, any gain realized is taxable to the same extent as reported on your federal return. **NOTE:** *A loss on the sale of a personal residence is NOT deductible.*

For additional information, see the instructions for Schedule D on page 23.

Lines 4a and 4b

IRA Distributions

ROTH and Educational IRAs

Use lines 4a and 4b to report IRA distributions you received. This includes regular distributions, early distributions, rollovers, Roth conversions, and any other money or property you received from your IRA account or annuity. Generally, you will receive a Form 1099-R showing the "gross amount" and "taxable amount" of your distribution.

If your distribution is fully taxable, enter it on line 4b; no entry is required on line 4a. If only part of the distribution is taxable, enter the "taxable amount" on line 4b. You MAY need to complete the worksheet on page 13 to determine the amount taxable. If the "taxable amount" listed on your Form 1099-R is correct for Alabama purposes as for Federal purposes then you will NOT need to complete the worksheet. If the "taxable amount" listed on your Form 1099-R is NOT the same for Alabama purposes as for Federal purposes because you have a different cost basis, then you will need to complete the worksheet on page 13 to calculate the amount taxable for Alabama purposes.

IF THE IRA DISTRIBUTION IS ROLLED OVER, enter the total amount received on line 4a and the taxable portion, if any, on line 4b. Attach a statement to your return with complete information about the IRA, your cost in the plan, and the type of retirement account in which the distributed funds were invested.

Beginning in 1998, ROTH and EDUCATIONAL IRAs were recognized by the Alabama Department of Revenue. The same restrictions and limitations provided by the IRS apply when completing your Alabama return. However, be sure to use Alabama Adjusted Gross Income when computing your limitations.

FOR 2017, WHEN CONVERTING FROM A TRADITIONAL IRA TO A ROTH IRA, the taxable portion of the distribution (to be reported on Line 4b) is the amount that you would have to include in income if you had not converted or rolled over the traditional IRA into a Roth IRA. The taxable portion should not include any part of a withdrawal from a traditional IRA that is a return of your basis.

CAUTION: *If you have to complete the worksheet on page 13 to calculate partially taxable distributions from IRA withdrawals any "taxable amount" from the worksheet must be added to the taxable amount from any Roth conversion, or the taxable amount of any other IRA rollovers or distributions. The "grand total" of all taxable amounts from IRA distributions, rollovers, conversions, etc. should be included on Form 40, Page 2, Part I, Line 4b.*

Rollover Distributions

A "rollover" is a tax-free transfer of cash or other assets from one retirement program to another. There are two kinds of rollovers to an individual retirement arrangement (IRA): (1) a rollover from one IRA to another, and (2) a rollover from a qualified employer's plan to an IRA.

If you received a lump sum distribution from an Employee Benefit Plan, it should be included in gross income in the year received. There is no provision in Alabama law for forward averaging of such distributions.

If the lump sum distribution qualifies for the rollover provision of the Internal Revenue Code, it may also qualify for the rollover provision of the Alabama Income Tax Code as provided in Alabama Income Tax Regulation 810-3-25-.05(4) reprinted below:

Regulation 810-3-25-.05(4) — [Distributions from a trust that are not included in gross income of the individual for federal purposes due to the "rollover provisions" of Internal Revenue Code Sections 402, 403, 408, and 409 are excluded from Alabama gross income of the individual. These are:

(a) qualified stock bonus, pensions, or profit sharing plans as described in Internal Revenue Code Section 401(a), and which are exempt under Internal Revenue Code Section 501(a), and meet the rollover requirements of Internal Revenue Code Section 402,

(b) employee's annuities which meet the requirements of Internal Revenue Code Section 404(a)(2), and the rollover requirements of Internal Revenue Code Section 403,

(c) individual retirement accounts that qualify under and meet the rollover provisions of Internal Revenue Code Section 408, and

(d) retirement bonds that qualify under Internal Revenue Code Section 409 or Internal Revenue Code Section 219 and meet the "rollover provisions" of Internal Revenue Code Section 409.]

If the lump sum distribution qualifies and is rolled over, enter the total amount received and the taxable portion, if any, in the spaces provided on Form 40, Part I, lines 4a and 4b. A statement should also be attached to your return giving complete information about the retirement fund rolled over, your cost in the plan, and the type of retirement account in which the distributed funds were reinvested.

Lines 5a and 5b

Pensions and Annuities

Use lines 5a and 5b to report pension and annuity income you received. Also, use these lines to report distributions from SEP, Keogh, 401(k)(2), 403(b), and profit sharing plans. Generally, you will receive a Form 1099-R or a Form W-2P showing the amount of your distribution.

Generally, unless specifically excluded by law, your pension payments are fully taxable if you did not contribute to the cost of your pension annuity or you have recovered your cost in the plan on prior Alabama income tax returns.

If your pension or annuity is fully taxable, enter it on

line 5b; no entry is required on line 5a. If only part is taxable, see the worksheet on page 13 to determine the amount taxable. Enter the taxable amount of your pension or annuity on line 5b.

Worksheet for Partially Taxable Pensions, Annuities, and IRA Distributions

Use the worksheet on the previous page to report distributions from profit-sharing plans, retirement plans, employee savings plans, and individual retirement arrangements not fully taxable. Also, use this worksheet to report pension and annuity income not fully taxable. If the income or distribution is fully taxable you do NOT need to complete this worksheet. In general, you should receive a 1099-R showing the amount of your retirement plan distribution or income. If the taxable portion shown on your 1099-R is the same for Alabama purposes as for Federal purposes you do NOT need to complete this worksheet. Instead report the total and the taxable amount on Form 40, page 2, Part I, lines 4 or 5.

The taxable portion may NOT be the same for Alabama purposes as for Federal purposes because you may have a different cost basis. In this case, you must complete this worksheet to calculate the amount taxable for Alabama purposes.

Amounts you received from the following retirement systems are not taxable and should not be reported.

- Alabama Teacher's Retirement System.
- Alabama Employee's Retirement System.
- Alabama Judicial Retirement System.
- Civil Service Retirement System.
- 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.
- Retirement benefits received from any Alabama firefighting agency by any eligible firefighter or designated beneficiary.
- Retirement benefits received from any Alabama police system by any eligible peace officer or designated beneficiary.
- Any "defined benefit" retirement plan in accordance with IRC 414(j). Contact your retirement plan administrator to determine if your plan qualifies.

Use lines 1 through 8 to report amounts you withdrew from your IRA, SEP, Keogh, 401(k)(2), or 403(b) account which are not fully taxable and for which you have not recovered any of your cost basis before January 1, 1987. If you began recovering your cost before January 1, 1987, you should report these distributions on lines 11, 12, and 13.

A – IRA, SEP, Keogh, 401(k)(2) or 403(b) Distributions you received in 2017 which included nondeductible contributions.

Line 1. Enter the total value of your IRA, SEP, Keogh, 401(k)(2) or 403(b) account at the end of the taxable year. The amount entered on this line should include any withdrawals you made from the account during 2017. If you have more than one IRA (or other type account) you must enter the total value of all such accounts even though you made withdrawals in 2017 from only one or more of these accounts.

Caution: If you have more than one type of account (IRA, SEP, etc.) which includes contributions from which you received nondeductible distributions in 2017, you must make a separate computation for each type of account.

Line 2. Nondeductible Contributions. Nondeductible contributions are those contributions to an IRA (or other type account) for which you have not claimed an adjustment to income on a previous year's return.

If a distribution is made from an IRA you contributed to prior to your residency in Alabama, your basis in that IRA for Alabama purposes will be the same as your basis for federal purposes.

Amounts may be considered nondeductible contributions for the following reasons:

- The Federal Tax Reform Act of 1986 allowed you to make nondeductible contributions to your IRA even if you were unable to deduct all, part, or none of the contributions. Your nondeductible contribution is the difference between your total allowable IRA contributions (up to the maximum amount) and the amount you deducted on your Alabama return that year.

- Qualified contributions made by you to an individual retirement arrangement (IRA), simplified employee pension (SEP), or Keogh plan **before January 1, 1982**, are considered part of your nondeductible contributions since Alabama did not allow you to defer tax on these contributions.

- Qualified contributions you made to a Federal 401(k)(2) plan or 403(b) plan **before January 1, 1985** are considered part of your cost since Alabama did not allow you to defer tax on these contributions.

Line 3. Enter the total of all amounts you have withdrawn from these accounts and excluded from income on a previous year's Alabama return.

Line 4. Subtract line 3 from line 2 and enter the re-

Worksheet for Federal Simplified General Rule

- Total pension received this year.
Also enter this amount on Form 40, Page 2, Part I, line 5a _____
- Your cost in the plan (contract), including any death benefit exclusion _____
- Age at annuity starting date:
Enter:
55 and under 300
56-60 260
61-65 240
66-70 170
71 and older 120 _____
- Divide amount on line 2 by the number on line 3, and round to two decimal places _____
- Multiply line 4 by the number of months for which this year's payments were made _____
- Taxable pension for year. Subtract line 5 from line 1 (do not enter less than zero). Also, enter this amount on Form 40, Page 2, Part I, line 5b. If your Form 1099R shows a larger taxable amount, use the amount on this line instead of the amount from the Form 1099R. _____

sult on line 4. The difference in these amounts represents the balance of your nondeductible contributions.

Line 5. 2017 Withdrawals. Enter the total of all amounts you withdrew from your IRA or other deferred compensation accounts during the taxable year.

Line 6. Exclusion Ratio. Divide the amount on line 4 by the amount on line 1. This ratio will be used to figure the amount of nondeductible contributions that may be excluded this year.

Line 7. Amount of Exclusion. Multiply the amount on line 5 by the percentage on line 6. Enter the result here, but do not enter more than the amount on line 4.

Line 8. Subtract the amount on line 7 from the amount on line 5.

If the amount on line 8 is received from an IRA account, enter it on Form 40, Part I, line 4b. If from some other type account, it should be entered on line 5b. If you received distributions from two or more different types of accounts (IRA, SEP, Keogh, etc.), you should complete a worksheet for each type of account.

B – Pensions, annuities, etc., you began receiving after December 31, 1986 in which you had a cost basis.

Lines 9 and 10. Use these lines to report **only** the pensions and annuities you first began receiving in 1987 which **are not fully taxable** and for which you used the federal annuity tables to compute the taxable portion on your federal return.

The taxable part of these pensions and annuities is computed in the same manner as figured for federal purposes. If the cost basis for Alabama purposes and Federal purposes is the same, the taxable part will be the same. If the cost basis is different for Alabama, the taxable part will be different. For details, refer to Federal instructions and **Federal Publication 575**, Pension and Annuity Income. Enter the full amount you received on line 9 and the taxable portion on line 10.

If you qualify to use the **Federal Simplified General Rule**, you will probably find it both simpler and more beneficial than the Federal General Rule in figuring the taxable and nontaxable parts of your annuity.

If you meet the conditions to choose the Federal Simplified General Rule, use the worksheet below to figure your taxable pension for 2017. In completing this worksheet, use your age at the birthday preceding your annuity starting date. Be sure to keep a copy of the completed worksheet because it will help you figure your 2017 taxable pension.

C – Pensions, annuities, etc., you began receiving prior to January 1, 1987 in which you have not recovered your cost.

Lines 11 and 12. Use these lines to report pensions and annuities, which are not fully taxable, that you first began receiving prior to 1987. Enter on line 11 the full amount of these pensions that you received in 2017 and your unrecovered cost on line 12.

For amounts you began receiving **prior to 1987**, you can exclude from the taxable amount your unrecovered cost to the plan. Your cost is the amount you contributed plus the contributions your employer made on which you have already paid tax. After you recover your costs, all amounts you receive are fully taxable. Refer to the instructions for line 2 for information concerning amounts that are considered part of your cost basis of an IRA, SEP, Keogh, 401(k)(2), or 403(b) account.

Beneficiaries. If a former employee is receiving a pension or annuity and dies after recovering all of his or her cost, the entire amount the beneficiary receives is taxable for Alabama purposes. However, if the pension or annuity was exempt under Alabama law to the former employee, it is also exempt to the beneficiary.

If a former employee dies before recovering the entire cost, the beneficiary should continue to report the amounts received in the same manner as reported by the former employee. If the former employee began receiving payments **after December 31, 1986**, the beneficiary must continue to use the federal annuity tables based on the beneficiary's life expectancy in determining the taxable part. If the deceased former employee began receiving payments before January 1, 1987, and has not recovered the cost, the beneficiary will continue to recover the cost before any amounts become taxable.

Line 14. Add the amounts on lines 10 and 13.

If the amount on line 14 is received from an IRA account, enter it on Form 40, Part I, line 4b. If from some other type account, the amount on line 14 should be entered on Form 40, Part I, line 5b. If you received distributions from two or more different types of accounts, you should report the total of all accounts on either Form 40, Part I, line 4b or 5b depending on the type of distribution received.

Line 6

Rents, Royalties, Partnerships, Estates, Trusts, Etc.

Use line 6 to report income from rents, royalties, partnerships, S corporations, trusts, and estates.

For more information, see the instructions for **Schedule E**. Schedule E should be completed and attached to Form 40.

Lines 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 certain items. See the instructions for line 2a, Part I, for a description of the items that may need adjusting. If you have adjustments to any of these items, attach an explanation, and show the adjustment as "Other Expenses" on Federal Schedule F.

The net profit or (loss) from farming as shown on Federal Schedule F, after making the necessary adjustments, should be entered on line 7, Part I.

Line 8

Other Income

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

Lines 1a and 1b

Individual Retirement Arrangement (IRA) Deduction

Contributions to an Individual Retirement Arrangement (IRA) may be taken as an adjustment to income. These contributions represent a deferral of tax on a portion of your income. At the time funds are distributed from these accounts, the amount on which tax has been deferred cannot be claimed as a cost basis in the fund.

Since the Alabama Income Tax Law prior to 1982 did not allow these contributions to be deducted from gross income, you may have a cost basis in the fund for amounts contributed prior to 1982. Accurate records should be kept of the amounts contributed in order for you to be able to determine your cost basis when the funds are withdrawn.

Use the worksheet in your Federal Form 1040 line-by-line instructions to calculate the amount allowable. The amount deductible on your Alabama return is subject to the same limitations as allowable on your 2017 Federal return. However, when figuring the limitation on the amount deductible use the adjusted gross income shown on line 10 of your Alabama return without benefit of the IRA deduction.

Line 2

Keogh Retirement Plan and SEP Deduction

Self-employed individuals may deduct contributions to a Keogh plan from gross income. These contributions represent a deferral of tax on a portion of income. The allowable contributions also include those qualified contributions made under a Simplified Employee Pension (SEP) Plan. At the time funds are distributed from these accounts, the amount on which tax has been deferred cannot be claimed as a cost basis in the fund.

Since the Alabama Income Tax Law prior to 1982 did not allow these contributions to be deducted from gross income, you may have a cost basis in the fund for amounts contributed prior to 1982. Accurate records should be kept of the amounts contributed in order to determine your cost basis when the funds are withdrawn.

Line 3

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 charged because you withdrew funds from a time savings deposit before its maturity. Enter this amount on line 3. (Be sure to include the interest income on Form 40, page 1, line 6.) Penalties on early withdrawal from retirement plans are not deductible.

Line 4

Alimony Paid

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. The name, social security number, and address of the person receiving the payments should be shown in the space provided.

Line 5

Adoption Expenses

Beginning January 1, 1991, the reasonable medical and legal expenses paid or incurred by the taxpayer in connection with the adoption of a minor may be deducted as an adjustment to income. 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. A resident of Alabama for only a part of 2017 may deduct only those expenses paid or incurred while a resident of Alabama. Accurate records of all expenses claimed as an adjustment to income must be maintained by the taxpayer and be available to the Alabama Department of Revenue upon request.

Line 6

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 6.

Line 7

Self-employed Health Insurance Deduction

You can deduct self-employed health insurance premiums to the same extent as allowed for federal purposes.

Line 8

Alabama College Counts 529 Fund or Alabama Prepaid Affordable College Tuition Program (PACT) Deduction

You can deduct up to \$5,000 or \$10,000 if married filing joint, per year for contributions to the Alabama College Counts 529 Fund or to the Prepaid Affordable College Tuition Program (PACT).

Line 9

Health Insurance Premium Deduction

Alabama resident taxpayers may deduct from Alabama gross income 100 percent of the amounts that they pay as health insurance premiums as part of an employer provided health insurance plan who are employed by an employer that has less than 25 employees and earns no more than \$50,000 of wages and reports no more than \$75,000 of adjusted gross income on their Alabama individual income tax return or \$150,000 if married filing joint.

Line 10

Expenses to Retrofit/Upgrade Home to Resist Wind or Flood Damage

Alabama residents may deduct from gross income the lesser of 50 percent of the cost or \$3,000 to retrofit or upgrade their home to resist wind or flood damage. The taxpayer must have a certification as prescribed under Chapter 31D, Title 27, *Code of Alabama 1975* or the Alabama Residential and Energy Codes Board.

Line 11

Deposits to a Catastrophe Savings Account

Alabama residents may deduct from gross income deposits made to a catastrophe savings account. The deduction is \$2,000 if the insurance deductible is equal to or less than \$1,000. If the deductible is greater than \$1,000 the amount of the deduction is the lesser of \$15,000 or twice the amount of the insurance deductible. If the taxpayer is self-insured and chooses not to obtain insurance then the deduction is the lesser of \$250,000 or the value of the taxpayer's legal residence.

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 40 to complete this section.

NOTE: If you used Federal Form 8332 (Release/Revocation to claim exemption for child by custodial parent), or if you are NOT claiming a dependent as a dependent for this tax year – DO NOT fill out (4) Did you provide more than one-half dependent's support.

Line 1

Check the appropriate block for either full-year or part-year residency status.

Full-Year Resident. Check here if you were a legal resident of Alabama even if you were employed outside Alabama.

Part-Year Resident. Check here if you were not a legal resident of Alabama for the entire year. (Example: During 2017 you moved into Alabama and became a resident, or you moved out of Alabama and became a resident of another state.)

Line 4

Enter the **Adjusted Gross Income and Taxable Income** as reported on your 2017 Federal Income Tax Return. This information is required under Section 40-18-56, *Code of Alabama 1975*.

Line 5

If you received income from sources taxable for Federal purposes but exempt for Alabama tax purposes, the source(s) and amount(s) should be entered on line 5 unless they are explained elsewhere on the Alabama return.

EXAMPLE: *U.S. Civil Service Retirement is exempt for Alabama purposes and therefore should be shown on line 5.*

Direct Deposit Information

Direct deposit is only available for electronically filed or Alabama Form 40 individual returns.

In order to receive a direct deposit refund for a paper return, your return must be prepared using tax preparation software that utilizes 2-D barcode technology or from our website by using the Form 40 with calculations.

NOTE: *You cannot use the blank Form 40 to receive a direct deposit refund.*

WARNING: *Due to changes in the electronic banking rules, the Alabama Department of Revenue will no longer allow direct deposits to or through foreign financial institutions. If you use a foreign financial institution you will be issued a paper check.*

Line 1

The routing number **must** be **nine** digits. The first two digits must be 01 through 12 or 21 through 32. Otherwise, the direct deposit will be rejected and a check sent instead. Your check may state that it is payable through a financial institution different from the one at which you have your checking account. If so, **do not** use the routing number on that check. Instead, contact your financial institution for the correct routing number to enter on line 1a.

Line 3

The account number can be up to 17 characters (both numbers and letters), to include hyphens but omit

spaces and special symbols. Enter the number from left to right and leave any unused boxes blank. Be sure not to include the check number.

WARNING: *Some financial institutions will not allow a joint refund to be deposited into an individual account. If the direct deposit is rejected, a check will be sent instead. The Department is not responsible if a financial institution rejects a direct deposit. If you are unsure of the routing number and/or account number, you should check with your financial institution to ensure they are correct. The Department is not responsible for a lost refund if you enter the wrong account information.*

SECTION 4 General Information

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

Substitute Tax Forms

You may not use your own version of a tax form unless it meets the requirements of the Alabama Department 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 on page 2 of this booklet will provide 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 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 of tax due for 2017 is \$500 or more you may owe a penalty due to underpayment 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 be for a 12-month period.) Use Form 2210AL to calculate the penalty. Also see Payment of Estimated Tax on page 18 of this booklet.

NOTE: *If you included 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 40, page 1. The only penalty to be included on lines 30 and 31 is the underpayment penalty.*

Other Penalties. There are also penalties for filing a frivolous return, underpayment due to negligence, underpayment due to fraud, substantial understatement of estimated tax, and failure to file estimated tax.

Any person failing to file a return as required by Alabama law or rendering a willfully false or fraudulent return will be assessed by the Alabama Department of Revenue on the basis of the best information obtainable by the Department with respect to the income of such taxpayer.

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 misdemeanor and upon conviction thereof, shall be fined not more than \$25,000 or imprisoned not more than 1 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 5 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 Forms link 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 letter to the Alabama Department of Revenue. (See "Where To File," page 13.)

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 3 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.

NOTE: If your State return is changed for any reason, it may affect your Federal Income Tax liability. This would include 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.

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 tax in 2018 is required to file and pay estimated tax.

NOTE: If the **TOTAL ESTIMATED TAX** for 2018 is less than five hundred dollars (\$500), an estimate is not required to be paid.

Alabama law provides for penalties if an estimate is due and is not paid, or is underpaid. The due dates for making estimated tax payments are the same as required by 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 estimates 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 your 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, the Alabama Medicaid Agency, Alabama League of Municipalities, or Association of County Commissions of Alabama 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 the above 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.

SECTION

5 Instructions for Schedules to Form 40

Instructions For Schedule A (Form 40) Itemized Deductions

Changes You Should Note

The itemized deductions you may claim on your 2017 Alabama return are similar to the deductions allowed for Federal purposes; however, certain items may be treated differently. Please see the line by line 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.

Schedule A **must** be completed in detail if you elect to itemize your deductions instead of claiming the standard deduction.

If you itemize, you can deduct part of your medical and dental expenses, part of your unreimbursed employee business expenses, amounts you paid for certain taxes, interest, contributions, and other miscellaneous expenses. You may also deduct certain casualty and theft losses.

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. Individuals becoming or ceasing to be residents during the year are entitled to claim **ONLY** the itemized deductions that were **actually paid while a resident of Alabama.** The Department will permit you to prorate a deduction (such as interest or taxes) based on the number of months you were a resident if the deduction was paid during the entire year and the amount actually paid while a resident cannot be determined.

Lines 1 through 4

Medical and Dental Expenses

Before you can figure your total medical and dental expenses, you must complete your Form 40, page 1, line 1 through line 10.

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

- Do not include in medical and dental expenses insurance premiums paid by an employer-sponsored health insurance plan (cafeteria plan).
- You may deduct only that part of your medical and dental expenses that is more than 4% of the amount on Form 40, page 1, line 10.
- Qualified long term care premiums are not included in medical and dental expenses. They are deductible in full on Line 26.

Line 1 through Line 4

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 40, Part 1, line 8, if you deducted the medical expenses 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 travel 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 Part 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 ordered 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 which resulted 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 reported 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 paid state income taxes to another state, you may be entitled to a tax credit. See instructions for Schedule CR for further information.)
- 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, C-EZ, 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.

NOTE: Personal interest is no longer deductible.

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 Alabama (not Federal) adjusted gross income.

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 whose purpose is to find a cure for, or help 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 40, page 1, line 10.

- Your gifts of capital gain property to certain organizations are more than 20% of Form 40, page 1, line 10.

- 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 fund-raising 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).

- Gifts to:

- a. Individuals.

- b. Foreign organizations.

- c. Groups that are run for personal profit.

- d. Groups whose purpose is to lobby for changes in the laws.

- e. Civic leagues, social and sports clubs, labor unions, and chambers of commerce.

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.

NOTE: If your total deduction for gifts of property is over \$500, or if you gave less than your entire interest 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 19a, b, and c

Casualty and Theft Losses

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

- 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 40, page 1, line 10.

Use lines 19a, b, and c to report casualty or theft losses of property that are 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 19a of Alabama Schedule A the amount of loss as shown on line 16 (Section A) 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** losses during the year is more than 10% of your adjusted gross income on Form 40, page 1, line 10.

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.

Use line 21 of Schedule A 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 20 through 24

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 23.

Generally, the 2% limit applies to job expenses you paid for which you were not reimbursed (line 20). The limit also applies to certain expenses you paid to produce or collect taxable income (line 21). See the instructions for lines 20 and 21 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 25 for examples of these expenses.

Line 20

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 20.

If 1 or 2 above applies, enter the net deductible

amount from Federal Form 2106 on line 20 of Schedule A.

If you do not have to fill out Form 2106, list the type and amount of your expenses on the space provided on line 20. If you need more space, attach a statement showing the type and amount of the expense.

Examples of expenses to include on line 20 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. 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. Also see the instructions for Part I, line 2 on page 13.

Line 21

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 21. 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 21. 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), see **Federal Pub. 529**.

Line 25

Miscellaneous Deductions Expenses NOT Subject to the 2% Limit

Use this line to report miscellaneous deductions that are NOT subject to the 2% AGI limit. Only the expenses listed below can be deducted on line 25:

- Gambling losses to the extent of gambling win-

nings. Report gambling winnings on Form 40, page 2, Part I, Line 8.

- Amortizable bond premium on bonds acquired before October 23, 1986.

- Unrecovered investment in a pension. See **Federal Pub. 17**.

- Impairment-related work expenses of a disabled person.

List the type and amount of each expense. Enter the total on line 25.

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.
- Funeral expenses.

Line 26

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 26. 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.

Instructions For Schedule B Interest and Dividend Income

Purpose of Schedule

Use Schedule B if you are filing Form 40 and the total taxable and nontaxable income from interest and dividends is \$1,500 or more.

Mutual Funds. If you received a 1099-DIV, 1099-INT or substitute statement from a brokerage firm or mutual fund, include the interest and dividends on Schedule B. Capital gains should be reported on Schedule D. List the mutual fund or brokerage firm's name as the payer and enter the total interest or dividends shown on that form on Schedule B.

Interest Income

All interest you received in 2017 is taxable for Alabama purposes except interest on obligations of the United States or its possessions, and interest on obligations of the State of Alabama or any county, municipality, or other political subdivision of Alabama.

Show the name of the payer and the amount of all interest you received on **Schedule B**. Exempt interest should be listed in Column A and taxable interest in Column B.

Examples of TAXABLE Interest

- Accounts (including certificates of deposit and money market accounts) with banks, credit unions, and savings and loan associations.

- The percentage of dividends not derived from interest on United States obligations and/or Alabama municipal obligations which are received from a regulated investment company.

- Asian Development Bank.
- African Development Fund.
- Building and loan accounts.
- Federal Home Loan Mortgage Corporation.
- Federal National Mortgage Association (FNMA).
- Government National Mortgage Association (GNMA).

- Inter-American Bank, International Bank for Reconstruction and Development, and World Bank.

- International Finance Corporation.
- International Development Association.
- International Monetary Fund.
- National Consumer Cooperative Bank.
- Refunds of federal income tax.
- Refunds of state income tax.
- Federal Land Credit Banks.
- Federal Housing Authority.
- Small Business Association.

Examples of EXEMPT Interest

- The percentage of dividends derived from interest on United States obligations and/or Alabama municipal obligations which are received from a regulated investment company.

- Bank for Cooperatives.
- Student Loan Marketing Association (SLMA).
- Bonds issued by the Government of Puerto Rico or the Government of Guam.
- Bonds issued by the government of the Virgin Islands
- Federal Financing Bank.
- Federal Land Banks.
- Federal Intermediate Credit Banks.
- Federal Home Loan Banks.
- Production Credit Associations.
- U.S. Treasury Bills, U.S. Treasury Notes, or U.S. Series E and H Bonds.

- Tennessee Valley Authority.
- Federal Farm Credit Bonds.
- Federal Home Administration.
- Commodity Credit Corporation.
- Federal Deposit Insurance Corporation.
- Federal Saving & Loan Insurance Corporation.
- General Insurance Fund.
- GSA Public Building Trust Participation

Certificates.

- Participation Certificates in the Federal Assets Financing Trust.
- Special Food Service Program.

Dividend Income

All dividends, including liquidating dividends, you received in 2017 are fully taxable. Gain or loss on liquidating dividends should be reported on **Schedule D**. Dividends from savings and loan associations are also taxable. Include cash and the value of stock, property, or merchandise you received as a dividend.

List the payer's name and show the amount of income. If securities are held in a brokerage account, list the name of the brokerage firm as the payer.

Instructions For Schedule CR Credit for Taxes Paid To Other States

See the general instructions for credit for tax paid to another state on page 10. **Below is an example of when all of the income in the other state is not taxed on the Alabama return. In such situations, you may not be entitled to the full amount of tax paid to the other state. The following example can be used by changing the figures to fit your income and/or loss.**

The taxpayer is a single filing resident of Alabama and has income from wages of \$66,666.67. The taxpayer has gambling winnings of \$100,000.00. The taxpayer has substantiated gambling losses of \$50,000.00 of which only \$30,000.00 is allowed as a deduction on the other state's return.

Use this example to compute the income from the other state under Alabama Tax Law.

(1) Income from Other State \$100,000.00

(2) All Alabama allowed Expenses (Losses) associated with Income from Other State:

(2a) Gambling Losses . . \$ 50,000.00

(2b) \$

(2c) \$

(3) Add lines 2a, 2b, and 2c \$ 50,000.00

(4) Income from other state under Alabama Law (subtract line 3 from 1 to get the same income taxed by Alabama) . . . \$ 50,000.00

(a) If the result is zero or less, STOP here, you are not due a credit against your Alabama income tax.

(b) If there is no entry on line 2 above, the "taxable income" from the other state return should be entered on Schedule CR, line 1.

(c) If there is an entry on line 2 above, compute the Alabama tax on the amount on line 4 using the tax tables on pages 25-30. In this example the tax credit would be \$2,463.00.

Instructions For Schedule DC Donation Check-Offs

Line 1a

Alabama Senior Services Trust Fund

This fund will assist in the support of programs for the aging in Alabama. If you wish to make a contribution to this program, enter a dollar amount.

Line 1b

Alabama Arts Development Fund

This fund provides for grants to tax exempt organizations or associations to encourage development of quality arts activities or cultural facilities in local areas. If

you wish to make a contribution to this program, enter a dollar amount.

Line 1c

Alabama Nongame Wildlife Fund

This is a program under the jurisdiction of the Game and Fish Division of the Department of Conservation which provides management of such nongame wildlife. If you wish to make a contribution to this program, enter a dollar amount.

Line 1d

Child Abuse Trust Fund

This fund encourages the direct provision of services to prevent child abuse and neglect. If you wish to make a contribution to this program, enter a dollar amount.

Line 1e

Alabama Veterans' Program

This fund provides supportive assistance through nursing and related health care for Alabama ailing and aged veterans of the armed forces who have need of special nursing and related health care services. If you wish to make a contribution to this program, enter a dollar amount.

Line 1f

Alabama State Historic Preservation Fund

Your donations to this fund will be used by the Alabama Historical Commission to pay the costs of the maintenance, acquisitions, preservation and operations of its acquisitions. If you wish to make a contribution to this fund enter a dollar amount.

Line 1g

Archives Services Fund

Your donations to this fund will be used to help pay the cost of providing services for maintaining historical records. If you wish to make a contribution to this fund, enter a dollar amount.

Line 1h

Foster Care Trust Fund

The Foster Care Trust Fund provides educational, athletic, artistic, and special occasion opportunities to Alabama's foster children. If you wish to make a contribution to this fund, enter a dollar amount.

Line 1i

Mental Health

This is a non-profit organization dedicated to the eradication of mental illness and to the improvement of the quality of life of those whose lives are affected by these diseases. Your donation to this fund will help provide unconditional support to persons experiencing mental pain and those struggling toward recovery. If you wish to make a contribution to this fund, enter a dollar amount.

Line 1j

Alabama Firefighters Annuity and Benefit Fund

Your donations to this fund will be used to provide retirement, disability and death benefits to firefighters who are registered with this fund. If you wish to make a contribution to this fund, enter a dollar amount.

Line 1k

Alabama Breast and Cervical Cancer Research Program

The University of Alabama at Birmingham's Comprehensive Cancer Center is a nationally funded leader in breast and cervical research providing cutting edge clinical care to the people of Alabama. Your donation to this fund will help in the fight against breast and cervical cancer. If you wish to make a contribution to this fund, enter a dollar amount.

Line 1l

Victims of Violence Assistance

Donations to this fund will be used to provide services and aid to victims of crime. If you wish to make a contribution to this fund, enter a dollar amount.

Line 1m

Alabama Military Support Foundation

This fund was established to promote better relations between employers and National Guard/Reserve members. If you wish to make a contribution to this fund, enter a dollar amount.

Line 1n

Alabama Veterinary Medical Foundation Spay/Neuter Program

This fund provides assistance to low income residents to spay or neuter their dog or cat. If you wish to make a contribution to this program, enter a dollar amount.

Line 1o

Cancer Research Institute

This fund was established to improve cancer survival rates for patients through research aimed at increasing prevention and treatment. If you wish to make a contribution to this program, enter a dollar amount.

Line 1p

Alabama Association of Rescue Squads

This fund provides training to member rescue squads and inspections to insure that member's equipment and buildings meet standards. If you wish to make a contribution to this program, enter a dollar amount.

Line 1q

USS Alabama Battleship Commission

Donations to this fund will help in the preservation of the USS Alabama Battleship Memorial Park for future generations and to memorialize our Veterans of all branches of the US Armed Services. If you wish to make a contribution to this program, enter a dollar amount.

Line 1r

Children First Trust Fund

Your donations to this fund will go toward ensuring that all of Alabama's children are prepared for school success and lifelong learning through voluntary, diverse, high-quality early childhood programs. If you wish to make a contribution to this program, enter a dollar amount.

Instructions For Schedule D

Gain or (Loss) From Sale of Real Estate, Stocks, Bonds, Mutual Funds, Capital Gains, etc.

Purpose of Schedule

Use Schedule D (Form 40) to report the sale of real estate, stocks, bonds, etc.

Enter all sales for the entire year if you were a resident of Alabama for the entire year. If you were a resident of Alabama for only a part of the year, you should report all sales made during your period of residence.

If you sold property located in Alabama after you ceased to be a resident of Alabama, you should report the sales on Form 40NR, Nonresident Alabama Income Tax Return.

Under Alabama law the entire gain is taxable, and the entire loss is deductible in the year in which it occurs.

Mutual Funds. If you received a mutual fund or brokerage statement reporting capital or ordinary gains, you must include these amounts on Schedule D. List the mutual fund or brokerage firm's name in Column A Kind of Property and the net capital or ordinary gains in Column H, Net Profit or (Loss).

Gain From Sale of a Personal Residence. If you sold your personal residence, any gain realized is taxable to the same extent as reported on your federal return.

NOTE: A loss on the sale of a personal residence is NOT deductible.

Gain or (Loss) From Sale of Business Property. If you sold business property use Schedule D to report the net gain (or loss). You should complete Federal Form 4797 and attach a copy to your Alabama return.

State the following facts: (a) For real estate (including owner-occupied residence) – location and description of land and improvements; (b) for bonds or other evidence of indebtedness – name of issuing corporation, particular issue, denomination, and amount; (c) for stocks – name of corporation, class of stock, number of shares, and capital changes affecting basis (including nontaxable distributions). If more space is needed, use separate sheets with identical columnar headings (a) through (h) inclusive.

Cost or Other Basis. Act 85-515, known as the Corporate Income Tax Act of 1985, conformed certain rules concerning the determination of basis in assets acquired to the federal income tax rules.

The basis for computing gain or loss from the sale or other disposition of property will usually be the cost of such property. You may have to use a basis other than actual cost if you acquired the property by bequest, gift, or involuntary conversion. If you do not use cash cost, please attach an explanation of your basis.

The basis of property **acquired prior to December 31, 1932**, shall be the fair market value on December 31, 1932.

Gifts or Transfer in Trust. The basis of property acquired by gift or transfer in trust depends upon the date acquired.

If property was acquired by gift or transfer in trust **on or after December 31, 1932 and prior to March 15, 1985**, the basis shall be the fair market value on the date of acquisition.

If **acquired by gift on or after March 15, 1985**, the basis shall be the same as it would be in the hands of the donor or the preceding owner by whom it was not acquired by gift (except that if such basis is greater than the fair market value of the property at the time of the gift, then for the purpose of determining loss, the basis shall be the fair market value).

If the property was **acquired by a transfer in trust** (other than a transfer in trust by gift, bequest, or devise) **on or after March 15, 1985**, the basis shall be the same as it would be in the hands of the grantor, increased in the amount of gain, or decreased in the amount of loss, recognized to the grantor of such transfer.

Property Transmitted at Death. Basis shall be the fair and reasonable market value of the property at the time of death of the decedent.

The value of property as of the date of the decedent's death as appraised for the purpose of the federal estate tax or the alternate value as appraised for such purpose, whichever is applicable, shall be deemed to be its fair market value for Alabama income tax purposes.

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

Installment Sales. Alabama law was changed to conform the Alabama code to the federal law regarding the installment method of reporting income. For taxable years beginning after **December 31, 1984**, income arising from an installment sale shall be reported in accordance with Internal Revenue Code Section 453 with the exception of 453(i) which deals with the recognition of recapture income.

Sales of property under revolving credit plans and sales of stock, securities, and other property traded on established markets can no longer be reported on the installment method effective for sales made after 1987.

Instructions For Schedule E Supplemental Income

Purpose of Schedule

Use Schedule E to report income or (loss) from rents, royalties, partnerships, S corporations, estates, and trusts.

Part I

Rental and Royalty Income or (Loss)

If you receive rent from property owned or controlled by you, or royalties from copyrights, mineral leases, and similar rights, report the total amount received in Part I, columns (a) through (c). If property other than cash was received as rent, its fair market value should be reported.

Line 1. Indicate the kind of rental real estate property you rented out (brick house, apartment complex, etc). Include the street address, city, or town, and state, and your percentage of ownership in the property if less than 100%.

Line 2. Check "Yes" if you or your family used the unit this year for personal purposes more than the greater of: 14 days; or 10% of the total days it was rented to others at a fair rental price. Otherwise, check "No."

Lines 3 & 4. If you receive rent from property owned or controlled by you, or royalties from copyrights, min-

eral leases, and similar rights, report the total amount received in Part I, columns (a) through (c). If property other than cash was received as rent, its fair market value should be reported.

Lines 5-18. Enter your rental and royalty expenses for each property in the appropriate column. You can deduct all ordinary and necessary expenses, such as taxes, interest, repairs, insurance, management fees, and agent's commissions. Do Not deduct the value of your own labor or amounts paid for capital investments or capital improvements.

Line 20 Depreciation. A reasonable allowance for the exhaustion, wear, and obsolescence of property used in a trade or business, or of property held by the taxpayer for the production of income shall be allowed 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.

Depreciation computed using the Accelerated Cost Recovery System for assets placed in service on or after January 1, 1981, and before January 1, 1987, in the same manner with the same limitations provided for federal income tax returns will be considered to be a "reasonable allowance" for Alabama purposes.

For assets placed in service after December 31, 1986, depreciation using the Modified Accelerated Cost Recovery System provided for in I.R.C. §168 (as modified by §201(a) of P.L. 99-514) will be considered a reasonable allowance for depreciation.

For taxable years beginning after December 31, 1989, Alabama will allow the depreciation allowed by Federal 26 U.S.C. §179.

Depletion. A depletion expense deduction is allowable in computing net royalty income from mines, oil wells, and gas wells.

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.

Part II

Income or (Loss) From Partnerships, S Corporations, Estates, and Trusts

If you received income from a partnership, S corporation, estate, or trust, the amounts should be reported in Part II, column (j). The name and address must be given in column (g) showing the source of the income received. Check column (h), and enter the FEIN in column (i).

Partnerships. A partnership does not pay income tax in the firm's name. If you are a member of a partnership or joint venture, include in this part your share of the partnership income (whether you received it or not) or net loss (not to exceed your basis) for the partnership tax year that ends during the year covered by your return. You should receive a Schedule K-1 from the partnership advising you of the amount to report.

S Corporations. An "Alabama S corporation" is a corporation with respect to which an election under 26 U.S.C. §1362 is in effect.

If you are a shareholder of an S corporation, you should receive a Schedule K-1 from the S corporation. Report your pro rata share of the income (whether you received it or not) or net loss (**not to exceed your basis**)

of the corporation as shown on your Schedule K-1.

Information from your partnership or S corporation K-1's should be reported as follows:

Line F. Pass-through entity owners who are individuals would claim this amount on Schedule OC and/or Schedule NTC of Form 40 or Form 40NR. Refer to Schedule K-1 Instructions on page 1, Line F instructions for applicable codes and ordering of credits.

Line G. Pass-through entity owners that are individuals would report this amount on Schedule E of the Alabama Form 40 or Alabama Form 40NR.

Line H. Pass-through entity owners that are individuals would report this amount on Schedule E of the Alabama Form 40 or Alabama Form 40NR.

Line I. Partnerships K-1 only: Pass-through entity owners that are individuals would report this amount on Schedule E of the Alabama Form 40 or Alabama Form 40NR.

Line J. Pass-through entity owners that are individuals would report this amount on the appropriate schedule of the Alabama Form 40 or Alabama Form 40NR filed by the individual, depending upon the nature of the portfolio income. Accompanying the Alabama Schedule K-1 should be an explanation of the different types and amounts of portfolio income making up the amount on Line J.

Line K. Pass-through entity owners that are individuals would report this amount on Schedule E of the Alabama Form 40 or Alabama Form 40NR.

Line L. Pass-through entity owners that are individuals would report this amount on Schedule E of the Alabama Form 40 or Alabama Form 40NR.

Line M. Pass-through entity owners that are individuals would report or claim these items on the appropriate schedule of the Alabama Form 40 or Alabama Form 40NR, filed by the individual, depending upon the nature of the nonbusiness item. Accompanying the Alabama Schedule K-1 should be an explanation of the different types and amounts of other separately stated business items making up the amount on Line M.

Line N. Pass-through entity owners that are individuals would claim this amount on the Form 4562, Depreciation and Amortization, which accompanies the individual's Alabama Form 40 or Alabama Form 40NR.

Line O. Pass-through entity owners that are individuals would claim this amount on Schedule A of the Alabama Form 40 or Alabama Form 40NR.

Line P. Pass-through entity owners that are individuals would report this amount on the Alabama Form 4952A that accompanies the individuals Alabama Form 40 or Alabama Form 40NR.

Line Q. Pass-through entity owners that are individuals would report or claim these items on the appropriate schedule of the Alabama Form 40 or Alabama Form 40NR, filed by the individual, depending upon the nature of the other deductions.

Line R. Pass-through entity owners that are individuals should claim this amount on Schedule E of the Alabama Form 40 or Alabama Form 40NR. Accompanying the Alabama Schedule K-1 should be a computation of the amount reported on Line R. Alabama income tax law concerning oil and gas depletion differs from the federal law. Care should be exercised in claiming this deduction to ensure that the proper amount is deducted.

Line S. Pass-through entity owners that are individuals would claim this amount on the Form 4684 that accompanies the Alabama Form 40 or Alabama Form 40NR.

Line T. Pass-through entity owners that are individuals are encouraged to disclose the amount of Alabama exempt income on the Alabama Form 40 or Alabama Form 40NR, filed by the individual. Accompanying the Alabama Schedule K-1 should be an explanation showing the different types of Alabama exempt income items and amounts making up the amount reported on Line T.

Line U. Pass-through entity owners that are individuals are encouraged to disclose the amount of nondeductible expenses on the Alabama Form 40 or Alabama Form 40NR, filed by the individual.

Line V. Pass-through entity owners that are individuals would report the portion of this amount that represents reportable income on the Schedule D accompanying the Alabama Form 40 or Alabama Form 40NR. Accompanying the Alabama Schedule K-1 should be a detailed explanation of the amount on Line V.

Line W. Pass-through entity owners that are individuals would report this amount on the Alabama Form 4952A that accompanies the individuals Alabama Form 40 or Alabama Form 40NR.

Line X. Pass-through entity owners that are individuals would report this amount on the Alabama Form 4952A that accompanies the individuals Alabama Form 40 or Alabama Form 40NR.

Line Y. Pass-through entity owners that are individuals would report or claim these items on the appropriate schedule of the Alabama Form 40 or Alabama Form 40NR, filed by the individual, depending upon the nature of the other items. Accompanying the Alabama Schedule K-1 should be an explanation of the different types and amounts of other items making up the amount on Line Y.

Line Z. Pass-through entity owners that are individuals would claim this amount on the Alabama Form 40NR.

Line AA. S Corporation K-1 only: These dividends should be reported to shareholders on Form 1099-DIV. Pass-through entity owners that are individuals would report this amount on the appropriate schedule of the Alabama Form 40 or Alabama Form 40NR filed by the individual. Pass-through entity owners that are individuals would report this amount on the Alabama Form 40 or Alabama Form 40NR.

Line AB. S Corporation K-1 only: Pass-through entity owners that are individuals would report the portion of this amount that represents reportable income on the Schedule D accompanying the Alabama Form 40 or Alabama Form 40NR. Accompanying the Alabama Schedule K-1 should be a detailed explanation of the amount on Line AB.

Line AC. S Corporation K-1 only.

Estates and Trusts. If you are a beneficiary of an estate or trust, you should receive a statement from the fiduciary advising you of the amount to report. **Do not** attach the statement to your return. Keep it for your records. Report your taxable part of the income (whether you received it or not) in Part II.

Tax Table

(Form 40)

Based on Taxable Income

This tax table is based on the taxable income shown on line 16 of Form 40 and the filing status you checked on lines 1, 2, 3, or 4 of your return.

EXAMPLE:

Mr. and Mrs. Brown are filing a joint return and checked box 2 on their return. Their taxable income on line 16 of Form 40 is \$23,360. First, they find the \$23,300 - \$23,400 income line. Next, they find the column for married filing jointly and read down the column. The amount shown where the income line and the filing status column meet is \$1,088. This is the amount they must write on line 17 of Form 40.

| If taxable income is — | | And you are — | |
|------------------------|---------------|---|------------------------|
| At least | But less than | Single * Married filing separately * Head of family | Married filing jointly |
| Your tax is— | | | |
| \$23,000 | | | |
| 23,000 | 23,100 | 1,113 | 1,073 |
| 23,100 | 23,200 | 1,118 | 1,078 |
| 23,200 | 23,300 | 1,123 | 1,083 |
| 23,300 | 23,400 | 1,128 | 1,088 |
| 23,400 | 23,500 | 1,133 | 1,093 |



| If taxable income is — | | And you are — | |
|------------------------|---------------|---|------------------------|
| At least | But less than | Single * Married filing separately * Head of family | Married filing jointly |
| Your tax is — | | | |
| Under \$1,000 | | | |
| 0 | 50 | 0 | 0 |
| 50 | 100 | 1 | 1 |
| 100 | 200 | 3 | 3 |
| 200 | 300 | 5 | 5 |
| 300 | 400 | 7 | 7 |
| 400 | 500 | 9 | 9 |
| 500 | 600 | 12 | 11 |
| 600 | 700 | 16 | 13 |
| 700 | 800 | 20 | 15 |
| 800 | 900 | 24 | 17 |
| 900 | 1,000 | 28 | 19 |
| 1,000 | | | |
| 1,000 | 1,100 | 32 | 22 |
| 1,100 | 1,200 | 36 | 26 |
| 1,200 | 1,300 | 40 | 30 |
| 1,300 | 1,400 | 44 | 34 |
| 1,400 | 1,500 | 48 | 38 |
| 1,500 | 1,600 | 52 | 42 |
| 1,600 | 1,700 | 56 | 46 |
| 1,700 | 1,800 | 60 | 50 |
| 1,800 | 1,900 | 64 | 54 |
| 1,900 | 2,000 | 68 | 58 |
| 2,000 | | | |
| 2,000 | 2,100 | 72 | 62 |
| 2,100 | 2,200 | 76 | 66 |
| 2,200 | 2,300 | 80 | 70 |
| 2,300 | 2,400 | 84 | 74 |
| 2,400 | 2,500 | 88 | 78 |
| 2,500 | 2,600 | 92 | 82 |
| 2,600 | 2,700 | 96 | 86 |
| 2,700 | 2,800 | 100 | 90 |
| 2,800 | 2,900 | 104 | 94 |
| 2,900 | 3,000 | 108 | 98 |
| 3,000 | | | |
| 3,000 | 3,100 | 113 | 102 |
| 3,100 | 3,200 | 118 | 106 |
| 3,200 | 3,300 | 123 | 110 |
| 3,300 | 3,400 | 128 | 114 |
| 3,400 | 3,500 | 133 | 118 |
| 3,500 | 3,600 | 138 | 122 |
| 3,600 | 3,700 | 143 | 126 |
| 3,700 | 3,800 | 148 | 130 |
| 3,800 | 3,900 | 153 | 134 |
| 3,900 | 4,000 | 158 | 138 |

| If taxable income is — | | And you are — | |
|------------------------|---------------|---|------------------------|
| At least | But less than | Single * Married filing separately * Head of family | Married filing jointly |
| Your tax is — | | | |
| 4,000 | | | |
| 4,000 | 4,100 | 163 | 142 |
| 4,100 | 4,200 | 168 | 146 |
| 4,200 | 4,300 | 173 | 150 |
| 4,300 | 4,400 | 178 | 154 |
| 4,400 | 4,500 | 183 | 158 |
| 4,500 | 4,600 | 188 | 162 |
| 4,600 | 4,700 | 193 | 166 |
| 4,700 | 4,800 | 198 | 170 |
| 4,800 | 4,900 | 203 | 174 |
| 4,900 | 5,000 | 208 | 178 |
| 5,000 | | | |
| 5,000 | 5,100 | 213 | 182 |
| 5,100 | 5,200 | 218 | 186 |
| 5,200 | 5,300 | 223 | 190 |
| 5,300 | 5,400 | 228 | 194 |
| 5,400 | 5,500 | 233 | 198 |
| 5,500 | 5,600 | 238 | 202 |
| 5,600 | 5,700 | 243 | 206 |
| 5,700 | 5,800 | 248 | 210 |
| 5,800 | 5,900 | 253 | 214 |
| 5,900 | 6,000 | 258 | 218 |
| 6,000 | | | |
| 6,000 | 6,100 | 263 | 223 |
| 6,100 | 6,200 | 268 | 228 |
| 6,200 | 6,300 | 273 | 233 |
| 6,300 | 6,400 | 278 | 238 |
| 6,400 | 6,500 | 283 | 243 |
| 6,500 | 6,600 | 288 | 248 |
| 6,600 | 6,700 | 293 | 253 |
| 6,700 | 6,800 | 298 | 258 |
| 6,800 | 6,900 | 303 | 263 |
| 6,900 | 7,000 | 308 | 268 |
| 7,000 | | | |
| 7,000 | 7,100 | 313 | 273 |
| 7,100 | 7,200 | 318 | 278 |
| 7,200 | 7,300 | 323 | 283 |
| 7,300 | 7,400 | 328 | 288 |
| 7,400 | 7,500 | 333 | 293 |
| 7,500 | 7,600 | 338 | 298 |
| 7,600 | 7,700 | 343 | 303 |
| 7,700 | 7,800 | 348 | 308 |
| 7,800 | 7,900 | 353 | 313 |
| 7,900 | 8,000 | 358 | 318 |

| If taxable income is — | | And you are — | |
|------------------------|---------------|---|------------------------|
| At least | But less than | Single * Married filing separately * Head of family | Married filing jointly |
| Your tax is — | | | |
| 8,000 | | | |
| 8,000 | 8,100 | 363 | 323 |
| 8,100 | 8,200 | 368 | 328 |
| 8,200 | 8,300 | 373 | 333 |
| 8,300 | 8,400 | 378 | 338 |
| 8,400 | 8,500 | 383 | 343 |
| 8,500 | 8,600 | 388 | 348 |
| 8,600 | 8,700 | 393 | 353 |
| 8,700 | 8,800 | 398 | 358 |
| 8,800 | 8,900 | 403 | 363 |
| 8,900 | 9,000 | 408 | 368 |
| 9,000 | | | |
| 9,000 | 9,100 | 413 | 373 |
| 9,100 | 9,200 | 418 | 378 |
| 9,200 | 9,300 | 423 | 383 |
| 9,300 | 9,400 | 428 | 388 |
| 9,400 | 9,500 | 433 | 393 |
| 9,500 | 9,600 | 438 | 398 |
| 9,600 | 9,700 | 443 | 403 |
| 9,700 | 9,800 | 448 | 408 |
| 9,800 | 9,900 | 453 | 413 |
| 9,900 | 10,000 | 458 | 418 |
| 10,000 | | | |
| 10,000 | 10,100 | 463 | 423 |
| 10,100 | 10,200 | 468 | 428 |
| 10,200 | 10,300 | 473 | 433 |
| 10,300 | 10,400 | 478 | 438 |
| 10,400 | 10,500 | 483 | 443 |
| 10,500 | 10,600 | 488 | 448 |
| 10,600 | 10,700 | 493 | 453 |
| 10,700 | 10,800 | 498 | 458 |
| 10,800 | 10,900 | 503 | 463 |
| 10,900 | 11,000 | 508 | 468 |
| 11,000 | | | |
| 11,000 | 11,100 | 513 | 473 |
| 11,100 | 11,200 | 518 | 478 |
| 11,200 | 11,300 | 523 | 483 |
| 11,300 | 11,400 | 528 | 488 |
| 11,400 | 11,500 | 533 | 493 |
| 11,500 | 11,600 | 538 | 498 |
| 11,600 | 11,700 | 543 | 503 |
| 11,700 | 11,800 | 548 | 508 |
| 11,800 | 11,900 | 553 | 513 |
| 11,900 | 12,000 | 558 | 518 |

| If taxable income is — | | And you are — | |
|------------------------|---------------|---|------------------------|
| At least | But less than | Single * Married filing separately * Head of family | Married filing jointly |
| Your tax is — | | | |
| 12,000 | | | |
| 12,000 | 12,100 | 563 | 523 |
| 12,100 | 12,200 | 568 | 528 |
| 12,200 | 12,300 | 573 | 533 |
| 12,300 | 12,400 | 578 | 538 |
| 12,400 | 12,500 | 583 | 543 |
| 12,500 | 12,600 | 588 | 548 |
| 12,600 | 12,700 | 593 | 553 |
| 12,700 | 12,800 | 598 | 558 |
| 12,800 | 12,900 | 603 | 563 |
| 12,900 | 13,000 | 608 | 568 |
| 13,000 | | | |
| 13,000 | 13,100 | 613 | 573 |
| 13,100 | 13,200 | 618 | 578 |
| 13,200 | 13,300 | 623 | 583 |
| 13,300 | 13,400 | 628 | 588 |
| 13,400 | 13,500 | 633 | 593 |
| 13,500 | 13,600 | 638 | 598 |
| 13,600 | 13,700 | 643 | 603 |
| 13,700 | 13,800 | 648 | 608 |
| 13,800 | 13,900 | 653 | 613 |
| 13,900 | 14,000 | 658 | 618 |
| 14,000 | | | |
| 14,000 | 14,100 | 663 | 623 |
| 14,100 | 14,200 | 668 | 628 |
| 14,200 | 14,300 | 673 | 633 |
| 14,300 | 14,400 | 678 | 638 |
| 14,400 | 14,500 | 683 | 643 |
| 14,500 | 14,600 | 688 | 648 |
| 14,600 | 14,700 | 693 | 653 |
| 14,700 | 14,800 | 698 | 658 |
| 14,800 | 14,900 | 703 | 663 |
| 14,900 | 15,000 | 708 | 668 |
| 15,000 | | | |
| 15,000 | 15,100 | 713 | 673 |
| 15,100 | 15,200 | 718 | 678 |
| 15,200 | 15,300 | 723 | 683 |
| 15,300 | 15,400 | 728 | 688 |
| 15,400 | 15,500 | 733 | 693 |
| 15,500 | 15,600 | 738 | 698 |
| 15,600 | 15,700 | 743 | 703 |
| 15,700 | 15,800 | 748 | 708 |
| 15,800 | 15,900 | 753 | 713 |
| 15,900 | 16,000 | 758 | 718 |

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 separately * Head of family | Married filing jointly | At least | But less than | Single * Married filing separately * Head of family | Married filing jointly | At least | But less than | Single * Married filing separately * Head of family | Married filing jointly |
| | | Your tax is — | | | | Your tax is — | | | | Your tax is — | |
| 16,000 | | | | | | | | | | | |
| 16,000 | 16,100 | 763 | 723 | 21,000 | 21,100 | 1,013 | 973 | 26,000 | 26,100 | 1,263 | 1,223 |
| 16,100 | 16,200 | 768 | 728 | 21,100 | 21,200 | 1,018 | 978 | 26,100 | 26,200 | 1,268 | 1,228 |
| 16,200 | 16,300 | 773 | 733 | 21,200 | 21,300 | 1,023 | 983 | 26,200 | 26,300 | 1,273 | 1,233 |
| 16,300 | 16,400 | 778 | 738 | 21,300 | 21,400 | 1,028 | 988 | 26,300 | 26,400 | 1,278 | 1,238 |
| 16,400 | 16,500 | 783 | 743 | 21,400 | 21,500 | 1,033 | 993 | 26,400 | 26,500 | 1,283 | 1,243 |
| 16,500 | 16,600 | 788 | 748 | 21,500 | 21,600 | 1,038 | 998 | 26,500 | 26,600 | 1,288 | 1,248 |
| 16,600 | 16,700 | 793 | 753 | 21,600 | 21,700 | 1,043 | 1,003 | 26,600 | 26,700 | 1,293 | 1,253 |
| 16,700 | 16,800 | 798 | 758 | 21,700 | 21,800 | 1,048 | 1,008 | 26,700 | 26,800 | 1,298 | 1,258 |
| 16,800 | 16,900 | 803 | 763 | 21,800 | 21,900 | 1,053 | 1,013 | 26,800 | 26,900 | 1,303 | 1,263 |
| 16,900 | 17,000 | 808 | 768 | 21,900 | 22,000 | 1,058 | 1,018 | 26,900 | 27,000 | 1,308 | 1,268 |
| 17,000 | | | | | | | | | | | |
| 17,000 | 17,100 | 813 | 773 | 22,000 | 22,100 | 1,063 | 1,023 | 27,000 | 27,100 | 1,313 | 1,273 |
| 17,100 | 17,200 | 818 | 778 | 22,100 | 22,200 | 1,068 | 1,028 | 27,100 | 27,200 | 1,318 | 1,278 |
| 17,200 | 17,300 | 823 | 783 | 22,200 | 22,300 | 1,073 | 1,033 | 27,200 | 27,300 | 1,323 | 1,283 |
| 17,300 | 17,400 | 828 | 788 | 22,300 | 22,400 | 1,078 | 1,038 | 27,300 | 27,400 | 1,328 | 1,288 |
| 17,400 | 17,500 | 833 | 793 | 22,400 | 22,500 | 1,083 | 1,043 | 27,400 | 27,500 | 1,333 | 1,293 |
| 17,500 | 17,600 | 838 | 798 | 22,500 | 22,600 | 1,088 | 1,048 | 27,500 | 27,600 | 1,338 | 1,298 |
| 17,600 | 17,700 | 843 | 803 | 22,600 | 22,700 | 1,093 | 1,053 | 27,600 | 27,700 | 1,343 | 1,303 |
| 17,700 | 17,800 | 848 | 808 | 22,700 | 22,800 | 1,098 | 1,058 | 27,700 | 27,800 | 1,348 | 1,308 |
| 17,800 | 17,900 | 853 | 813 | 22,800 | 22,900 | 1,103 | 1,063 | 27,800 | 27,900 | 1,353 | 1,313 |
| 17,900 | 18,000 | 858 | 818 | 22,900 | 23,000 | 1,108 | 1,068 | 27,900 | 28,000 | 1,358 | 1,318 |
| 18,000 | | | | | | | | | | | |
| 18,000 | 18,100 | 863 | 823 | 23,000 | 23,100 | 1,113 | 1,073 | 28,000 | 28,100 | 1,363 | 1,323 |
| 18,100 | 18,200 | 868 | 828 | 23,100 | 23,200 | 1,118 | 1,078 | 28,100 | 28,200 | 1,368 | 1,328 |
| 18,200 | 18,300 | 873 | 833 | 23,200 | 23,300 | 1,123 | 1,083 | 28,200 | 28,300 | 1,373 | 1,333 |
| 18,300 | 18,400 | 878 | 838 | 23,300 | 23,400 | 1,128 | 1,088 | 28,300 | 28,400 | 1,378 | 1,338 |
| 18,400 | 18,500 | 883 | 843 | 23,400 | 23,500 | 1,133 | 1,093 | 28,400 | 28,500 | 1,383 | 1,343 |
| 18,500 | 18,600 | 888 | 848 | 23,500 | 23,600 | 1,138 | 1,098 | 28,500 | 28,600 | 1,388 | 1,348 |
| 18,600 | 18,700 | 893 | 853 | 23,600 | 23,700 | 1,143 | 1,103 | 28,600 | 28,700 | 1,393 | 1,353 |
| 18,700 | 18,800 | 898 | 858 | 23,700 | 23,800 | 1,148 | 1,108 | 28,700 | 28,800 | 1,398 | 1,358 |
| 18,800 | 18,900 | 903 | 863 | 23,800 | 23,900 | 1,153 | 1,113 | 28,800 | 28,900 | 1,403 | 1,363 |
| 18,900 | 19,000 | 908 | 868 | 23,900 | 24,000 | 1,158 | 1,118 | 28,900 | 29,000 | 1,408 | 1,368 |
| 19,000 | | | | | | | | | | | |
| 19,000 | 19,100 | 913 | 873 | 24,000 | 24,100 | 1,163 | 1,123 | 29,000 | 29,100 | 1,413 | 1,373 |
| 19,100 | 19,200 | 918 | 878 | 24,100 | 24,200 | 1,168 | 1,128 | 29,100 | 29,200 | 1,418 | 1,378 |
| 19,200 | 19,300 | 923 | 883 | 24,200 | 24,300 | 1,173 | 1,133 | 29,200 | 29,300 | 1,423 | 1,383 |
| 19,300 | 19,400 | 928 | 888 | 24,300 | 24,400 | 1,178 | 1,138 | 29,300 | 29,400 | 1,428 | 1,388 |
| 19,400 | 19,500 | 933 | 893 | 24,400 | 24,500 | 1,183 | 1,143 | 29,400 | 29,500 | 1,433 | 1,393 |
| 19,500 | 19,600 | 938 | 898 | 24,500 | 24,600 | 1,188 | 1,148 | 29,500 | 29,600 | 1,438 | 1,398 |
| 19,600 | 19,700 | 943 | 903 | 24,600 | 24,700 | 1,193 | 1,153 | 29,600 | 29,700 | 1,443 | 1,403 |
| 19,700 | 19,800 | 948 | 908 | 24,700 | 24,800 | 1,198 | 1,158 | 29,700 | 29,800 | 1,448 | 1,408 |
| 19,800 | 19,900 | 953 | 913 | 24,800 | 24,900 | 1,203 | 1,163 | 29,800 | 29,900 | 1,453 | 1,413 |
| 19,900 | 20,000 | 958 | 918 | 24,900 | 25,000 | 1,208 | 1,168 | 29,900 | 30,000 | 1,458 | 1,418 |
| 20,000 | | | | | | | | | | | |
| 20,000 | 20,100 | 963 | 923 | 25,000 | 25,100 | 1,213 | 1,173 | 30,000 | 30,100 | 1,463 | 1,423 |
| 20,100 | 20,200 | 968 | 928 | 25,100 | 25,200 | 1,218 | 1,178 | 30,100 | 30,200 | 1,468 | 1,428 |
| 20,200 | 20,300 | 973 | 933 | 25,200 | 25,300 | 1,223 | 1,183 | 30,200 | 30,300 | 1,473 | 1,433 |
| 20,300 | 20,400 | 978 | 938 | 25,300 | 25,400 | 1,228 | 1,188 | 30,300 | 30,400 | 1,478 | 1,438 |
| 20,400 | 20,500 | 983 | 943 | 25,400 | 25,500 | 1,233 | 1,193 | 30,400 | 30,500 | 1,483 | 1,443 |
| 20,500 | 20,600 | 988 | 948 | 25,500 | 25,600 | 1,238 | 1,198 | 30,500 | 30,600 | 1,488 | 1,448 |
| 20,600 | 20,700 | 993 | 953 | 25,600 | 25,700 | 1,243 | 1,203 | 30,600 | 30,700 | 1,493 | 1,453 |
| 20,700 | 20,800 | 998 | 958 | 25,700 | 25,800 | 1,248 | 1,208 | 30,700 | 30,800 | 1,498 | 1,458 |
| 20,800 | 20,900 | 1,003 | 963 | 25,800 | 25,900 | 1,253 | 1,213 | 30,800 | 30,900 | 1,503 | 1,463 |
| 20,900 | 21,000 | 1,008 | 968 | 25,900 | 26,000 | 1,258 | 1,218 | 30,900 | 31,000 | 1,508 | 1,468 |
| 21,000 | | | | | | | | | | | |
| 21,000 | 21,100 | 1,013 | 973 | 26,000 | 26,100 | 1,263 | 1,223 | 31,000 | 31,100 | 1,513 | 1,473 |
| 21,100 | 21,200 | 1,018 | 978 | 26,100 | 26,200 | 1,268 | 1,228 | 31,100 | 31,200 | 1,518 | 1,478 |
| 21,200 | 21,300 | 1,023 | 983 | 26,200 | 26,300 | 1,273 | 1,233 | 31,200 | 31,300 | 1,523 | 1,483 |
| 21,300 | 21,400 | 1,028 | 988 | 26,300 | 26,400 | 1,278 | 1,238 | 31,300 | 31,400 | 1,528 | 1,488 |
| 21,400 | 21,500 | 1,033 | 993 | 26,400 | 26,500 | 1,283 | 1,243 | 31,400 | 31,500 | 1,533 | 1,493 |
| 21,500 | 21,600 | 1,038 | 998 | 26,500 | 26,600 | 1,288 | 1,248 | 31,500 | 31,600 | 1,538 | 1,498 |
| 21,600 | 21,700 | 1,043 | 1,003 | 26,600 | 26,700 | 1,293 | 1,253 | 31,600 | 31,700 | 1,543 | 1,503 |
| 21,700 | 21,800 | 1,048 | 1,008 | 26,700 | 26,800 | 1,298 | 1,258 | 31,700 | 31,800 | 1,548 | 1,508 |
| 21,800 | 21,900 | 1,053 | 1,013 | 26,800 | 26,900 | 1,303 | 1,263 | 31,800 | 31,900 | 1,553 | 1,513 |
| 21,900 | 22,000 | 1,058 | 1,018 | 26,900 | 27,000 | 1,308 | 1,268 | 31,900 | 32,000 | 1,558 | 1,518 |
| 22,000 | | | | | | | | | | | |
| 22,000 | 22,100 | 1,063 | 1,023 | 27,000 | 27,100 | 1,313 | 1,273 | 32,000 | 32,100 | 1,563 | 1,523 |
| 22,100 | 22,200 | 1,068 | 1,028 | 27,100 | 27,200 | 1,318 | 1,278 | 32,100 | 32,200 | 1,568 | 1,528 |
| 22,200 | 22,300 | 1,073 | 1,033 | 27,200 | 27,300 | 1,323 | 1,283 | 32,200 | 32,300 | 1,573 | 1,533 |
| 22,300 | 22,400 | 1,078 | 1,038 | 27,300 | 27,400 | 1,328 | 1,288 | 32,300 | 32,400 | 1,578 | 1,538 |
| 22,400 | 22,500 | 1,083 | 1,043 | 27,400 | 27,500 | 1,333 | 1,293 | 32,400 | 32,500 | 1,583 | 1,543 |
| 22,500 | 22,600 | 1,088 | 1,048 | 27,500 | 27,600 | 1,338 | 1,298 | 32,500 | 32,600 | 1,588 | 1,548 |
| 22,600 | 22,700 | 1,093 | 1,053 | 27,600 | 27,700 | 1,343 | 1,303 | 32,600 | 32,700 | 1,593 | 1,553 |
| 22,700 | 22,800 | 1,098 | 1,058 | 27,700 | 27,800 | 1,348 | 1,308 | 32,700 | 32,800 | 1,598 | 1,558 |
| 22,800 | 22,900 | 1,103 | 1,063 | 27,800 | 27,900 | 1,353 | 1,313 | 32,800 | 32,900 | 1,603 | 1,563 |
| 22,900 | 23,000 | 1,108 | 1,068 | 27,900 | 28,000 | 1,358 | 1,318 | 32,900 | 33,000 | 1,608 | 1,568 |
| 23,000 | | | | | | | | | | | |
| 23,000 | 23,100 | 1,113 | 1,073 | 28,000 | 28,100 | 1,363 | 1,323 | 33,000 | 33,100 | 1,613 | 1,573 |
| 23,100 | 23,200 | 1,118 | 1,078 | 28,100 | 28,200 | 1,368 | 1,328 | 33,100 | 33,200 | 1,618 | 1,578 |
| 23,200 | 23,300 | 1,123 | 1,083 | 28,200 | 28,300 | 1,373 | 1,333 | 33,200 | 33,300 | 1,623 | 1,583 |
| 23,300 | 23,400 | 1,128 | 1,088 | 28,300 | 28,400 | 1,378 | 1,338 | 33,300 | 33,400 | 1,628 | 1,588 |
| 23,400 | 23,500 | 1,133 | 1,093 | 28,400 | 28,500 | 1,383 | 1,343 | 33,400 | 33,500 | 1,633 | 1,593 |
| 23,500 | 23,600 | 1,138 | 1,098 | 28,500 | 28,600 | 1,388 | 1,348 | 33,500 | 33,600 | 1,638 | 1,598 |
| 23,600 | 23,700 | 1,143 | 1,103 | 28,600 | 28,700 | 1,393 | 1,353 | 33,600 | 33,700 | 1,643 | 1,603 |
| 23,700 | 23,800 | 1,148 | 1,108 | 28,700 | 28,800 | 1,398 | 1,358 | 33,700 | 33,800 | 1,648 | 1,608 |
| 23,800 | 23,900 | 1,153 | 1,113 | 28,800 | 28,900 | 1,403 | 1,363 | 33,800 | 33,900 | 1,653 | 1,613 |
| 23,900 | 24,000 | 1,158 | 1,118 | 28,900 | 29,000 | 1,408 | 1,368 | 33,900 | 34,000 | 1,658 | 1,618 |
| 24,000 | | | | | | | | | | | |
| 24,000 | 24,100 | 1,163 | 1,123 | 29,000 | 29,100 | 1,413 | 1,373 | 34,000 | 34,100 | 1,663 | 1,623 |
| 24,100 | 24,200 | 1,168 | 1,128 | 29,100 | 29,200 | 1,418 | 1,378 | 34,100 | 34,200 | 1,668 | 1,628 |
| 24,200 | 24,300 | 1,173 | 1,133 | 29,200 | 29,300 | 1,423 | 1,383 | 34,200 | 34,300 | 1,673 | 1,633 |
| 24,300 | 24,400 | 1,178 | 1,138 | 29,300 | 29,400 | 1,428 | 1,388 | 34,300 | 34,400 | 1,678 | 1,638 |
| 24,400 | 24,500 | 1,183 | 1,143 | 29,400 | 29,500 | 1,433 | 1,393 | 34,400 | 34,500 | 1,683 | 1,643 |
| 24,500 | 24,600 | 1,188 | 1,148 | 29,500 | 29,600 | 1,438 | 1,398 | 34,500 | 34,600 | 1,688 | 1,648 |
| 24,600 | 24,700 | 1,193 | 1,153 | 29,600 | 29,700 | 1,443 | 1,403 | 34,600 | 34,700 | 1,693 | 1,653 |
| 24,700 | 24,800 | 1,198 | 1,158 | 29,700 | 29,800 | 1,448 | 1,408 | 34,700 | 34,800 | 1,698 | 1,658 |
| 24,800 | 24,900 | 1,203 | 1,163 | 29,800 | 29,900 | 1,453 | 1,413 | 34,800 | 34,900 | 1,703 | 1,663 |
| 24,900 | 25,000 | 1,208 | 1,168 | 29,900 | 30,000 | 1,458 | 1,418 | 34,900 | 35,000 | 1,708 | 1,668 |
| | | | | | | | | | | | |

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 separately * Head of family | Married filing jointly | At least | But less than | Single * Married filing separately * Head of family | Married filing jointly | At least | But less than | Single * Married filing separately * Head of family | Married filing jointly | | | | |
| | | Your tax is — | | | | Your tax is — | | | | Your tax is — | | | | | |
| 36,000 | | | | 41,000 | | | | 46,000 | | | | 51,000 | | | |
| 36,000 | 36,100 | 1,763 | 1,723 | 41,000 | 41,100 | 2,013 | 1,973 | 46,000 | 46,100 | 2,263 | 2,223 | 51,000 | 51,100 | 2,513 | 2,473 |
| 36,100 | 36,200 | 1,768 | 1,728 | 41,100 | 41,200 | 2,018 | 1,978 | 46,100 | 46,200 | 2,268 | 2,228 | 51,100 | 51,200 | 2,518 | 2,478 |
| 36,200 | 36,300 | 1,773 | 1,733 | 41,200 | 41,300 | 2,023 | 1,983 | 46,200 | 46,300 | 2,273 | 2,233 | 51,200 | 51,300 | 2,523 | 2,483 |
| 36,300 | 36,400 | 1,778 | 1,738 | 41,300 | 41,400 | 2,028 | 1,988 | 46,300 | 46,400 | 2,278 | 2,238 | 51,300 | 51,400 | 2,528 | 2,488 |
| 36,400 | 36,500 | 1,783 | 1,743 | 41,400 | 41,500 | 2,033 | 1,993 | 46,400 | 46,500 | 2,283 | 2,243 | 51,400 | 51,500 | 2,533 | 2,493 |
| 36,500 | 36,600 | 1,788 | 1,748 | 41,500 | 41,600 | 2,038 | 1,998 | 46,500 | 46,600 | 2,288 | 2,248 | 51,500 | 51,600 | 2,538 | 2,498 |
| 36,600 | 36,700 | 1,793 | 1,753 | 41,600 | 41,700 | 2,043 | 2,003 | 46,600 | 46,700 | 2,293 | 2,253 | 51,600 | 51,700 | 2,543 | 2,503 |
| 36,700 | 36,800 | 1,798 | 1,758 | 41,700 | 41,800 | 2,048 | 2,008 | 46,700 | 46,800 | 2,298 | 2,258 | 51,700 | 51,800 | 2,548 | 2,508 |
| 36,800 | 36,900 | 1,803 | 1,763 | 41,800 | 41,900 | 2,053 | 2,013 | 46,800 | 46,900 | 2,303 | 2,263 | 51,800 | 51,900 | 2,553 | 2,513 |
| 36,900 | 37,000 | 1,808 | 1,768 | 41,900 | 42,000 | 2,058 | 2,018 | 46,900 | 47,000 | 2,308 | 2,268 | 51,900 | 52,000 | 2,558 | 2,518 |
| 37,000 | | | | 42,000 | | | | 47,000 | | | | 52,000 | | | |
| 37,000 | 37,100 | 1,813 | 1,773 | 42,000 | 42,100 | 2,063 | 2,023 | 47,000 | 47,100 | 2,313 | 2,273 | 52,000 | 52,100 | 2,563 | 2,523 |
| 37,100 | 37,200 | 1,818 | 1,778 | 42,100 | 42,200 | 2,068 | 2,028 | 47,100 | 47,200 | 2,318 | 2,278 | 52,100 | 52,200 | 2,568 | 2,528 |
| 37,200 | 37,300 | 1,823 | 1,783 | 42,200 | 42,300 | 2,073 | 2,033 | 47,200 | 47,300 | 2,323 | 2,283 | 52,200 | 52,300 | 2,573 | 2,533 |
| 37,300 | 37,400 | 1,828 | 1,788 | 42,300 | 42,400 | 2,078 | 2,038 | 47,300 | 47,400 | 2,328 | 2,288 | 52,300 | 52,400 | 2,578 | 2,538 |
| 37,400 | 37,500 | 1,833 | 1,793 | 42,400 | 42,500 | 2,083 | 2,043 | 47,400 | 47,500 | 2,333 | 2,293 | 52,400 | 52,500 | 2,583 | 2,543 |
| 37,500 | 37,600 | 1,838 | 1,798 | 42,500 | 42,600 | 2,088 | 2,048 | 47,500 | 47,600 | 2,338 | 2,298 | 52,500 | 52,600 | 2,588 | 2,548 |
| 37,600 | 37,700 | 1,843 | 1,803 | 42,600 | 42,700 | 2,093 | 2,053 | 47,600 | 47,700 | 2,343 | 2,303 | 52,600 | 52,700 | 2,593 | 2,553 |
| 37,700 | 37,800 | 1,848 | 1,808 | 42,700 | 42,800 | 2,098 | 2,058 | 47,700 | 47,800 | 2,348 | 2,308 | 52,700 | 52,800 | 2,598 | 2,558 |
| 37,800 | 37,900 | 1,853 | 1,813 | 42,800 | 42,900 | 2,103 | 2,063 | 47,800 | 47,900 | 2,353 | 2,313 | 52,800 | 52,900 | 2,603 | 2,563 |
| 37,900 | 38,000 | 1,858 | 1,818 | 42,900 | 43,000 | 2,108 | 2,068 | 47,900 | 48,000 | 2,358 | 2,318 | 52,900 | 53,000 | 2,608 | 2,568 |
| 38,000 | | | | 43,000 | | | | 48,000 | | | | 53,000 | | | |
| 38,000 | 38,100 | 1,863 | 1,823 | 43,000 | 43,100 | 2,113 | 2,073 | 48,000 | 48,100 | 2,363 | 2,323 | 53,000 | 53,100 | 2,613 | 2,573 |
| 38,100 | 38,200 | 1,868 | 1,828 | 43,100 | 43,200 | 2,118 | 2,078 | 48,100 | 48,200 | 2,368 | 2,328 | 53,100 | 53,200 | 2,618 | 2,578 |
| 38,200 | 38,300 | 1,873 | 1,833 | 43,200 | 43,300 | 2,123 | 2,083 | 48,200 | 48,300 | 2,373 | 2,333 | 53,200 | 53,300 | 2,623 | 2,583 |
| 38,300 | 38,400 | 1,878 | 1,838 | 43,300 | 43,400 | 2,128 | 2,088 | 48,300 | 48,400 | 2,378 | 2,338 | 53,300 | 53,400 | 2,628 | 2,588 |
| 38,400 | 38,500 | 1,883 | 1,843 | 43,400 | 43,500 | 2,133 | 2,093 | 48,400 | 48,500 | 2,383 | 2,343 | 53,400 | 53,500 | 2,633 | 2,593 |
| 38,500 | 38,600 | 1,888 | 1,848 | 43,500 | 43,600 | 2,138 | 2,098 | 48,500 | 48,600 | 2,388 | 2,348 | 53,500 | 53,600 | 2,638 | 2,598 |
| 38,600 | 38,700 | 1,893 | 1,853 | 43,600 | 43,700 | 2,143 | 2,103 | 48,600 | 48,700 | 2,393 | 2,353 | 53,600 | 53,700 | 2,643 | 2,603 |
| 38,700 | 38,800 | 1,898 | 1,858 | 43,700 | 43,800 | 2,148 | 2,108 | 48,700 | 48,800 | 2,398 | 2,358 | 53,700 | 53,800 | 2,648 | 2,608 |
| 38,800 | 38,900 | 1,903 | 1,863 | 43,800 | 43,900 | 2,153 | 2,113 | 48,800 | 48,900 | 2,403 | 2,363 | 53,800 | 53,900 | 2,653 | 2,613 |
| 38,900 | 39,000 | 1,908 | 1,868 | 43,900 | 44,000 | 2,158 | 2,118 | 48,900 | 49,000 | 2,408 | 2,368 | 53,900 | 54,000 | 2,658 | 2,618 |
| 39,000 | | | | 44,000 | | | | 49,000 | | | | 54,000 | | | |
| 39,000 | 39,100 | 1,913 | 1,873 | 44,000 | 44,100 | 2,163 | 2,123 | 49,000 | 49,100 | 2,413 | 2,373 | 54,000 | 54,100 | 2,663 | 2,623 |
| 39,100 | 39,200 | 1,918 | 1,878 | 44,100 | 44,200 | 2,168 | 2,128 | 49,100 | 49,200 | 2,418 | 2,378 | 54,100 | 54,200 | 2,668 | 2,628 |
| 39,200 | 39,300 | 1,923 | 1,883 | 44,200 | 44,300 | 2,173 | 2,133 | 49,200 | 49,300 | 2,423 | 2,383 | 54,200 | 54,300 | 2,673 | 2,633 |
| 39,300 | 39,400 | 1,928 | 1,888 | 44,300 | 44,400 | 2,178 | 2,138 | 49,300 | 49,400 | 2,428 | 2,388 | 54,300 | 54,400 | 2,678 | 2,638 |
| 39,400 | 39,500 | 1,933 | 1,893 | 44,400 | 44,500 | 2,183 | 2,143 | 49,400 | 49,500 | 2,433 | 2,393 | 54,400 | 54,500 | 2,683 | 2,643 |
| 39,500 | 39,600 | 1,938 | 1,898 | 44,500 | 44,600 | 2,188 | 2,148 | 49,500 | 49,600 | 2,438 | 2,398 | 54,500 | 54,600 | 2,688 | 2,648 |
| 39,600 | 39,700 | 1,943 | 1,903 | 44,600 | 44,700 | 2,193 | 2,153 | 49,600 | 49,700 | 2,443 | 2,403 | 54,600 | 54,700 | 2,693 | 2,653 |
| 39,700 | 39,800 | 1,948 | 1,908 | 44,700 | 44,800 | 2,198 | 2,158 | 49,700 | 49,800 | 2,448 | 2,408 | 54,700 | 54,800 | 2,698 | 2,658 |
| 39,800 | 39,900 | 1,953 | 1,913 | 44,800 | 44,900 | 2,203 | 2,163 | 49,800 | 49,900 | 2,453 | 2,413 | 54,800 | 54,900 | 2,703 | 2,663 |
| 39,900 | 40,000 | 1,958 | 1,918 | 44,900 | 45,000 | 2,208 | 2,168 | 49,900 | 50,000 | 2,458 | 2,418 | 54,900 | 55,000 | 2,708 | 2,668 |
| 40,000 | | | | 45,000 | | | | 50,000 | | | | 55,000 | | | |
| 40,000 | 40,100 | 1,963 | 1,923 | 45,000 | 45,100 | 2,213 | 2,173 | 50,000 | 50,100 | 2,463 | 2,423 | 55,000 | 55,100 | 2,713 | 2,673 |
| 40,100 | 40,200 | 1,968 | 1,928 | 45,100 | 45,200 | 2,218 | 2,178 | 50,100 | 50,200 | 2,468 | 2,428 | 55,100 | 55,200 | 2,718 | 2,678 |
| 40,200 | 40,300 | 1,973 | 1,933 | 45,200 | 45,300 | 2,223 | 2,183 | 50,200 | 50,300 | 2,473 | 2,433 | 55,200 | 55,300 | 2,723 | 2,683 |
| 40,300 | 40,400 | 1,978 | 1,938 | 45,300 | 45,400 | 2,228 | 2,188 | 50,300 | 50,400 | 2,478 | 2,438 | 55,300 | 55,400 | 2,728 | 2,688 |
| 40,400 | 40,500 | 1,983 | 1,943 | 45,400 | 45,500 | 2,233 | 2,193 | 50,400 | 50,500 | 2,483 | 2,443 | 55,400 | 55,500 | 2,733 | 2,693 |
| 40,500 | 40,600 | 1,988 | 1,948 | 45,500 | 45,600 | 2,238 | 2,198 | 50,500 | 50,600 | 2,488 | 2,448 | 55,500 | 55,600 | 2,738 | 2,698 |
| 40,600 | 40,700 | 1,993 | 1,953 | 45,600 | 45,700 | 2,243 | 2,203 | 50,600 | 50,700 | 2,493 | 2,453 | 55,600 | 55,700 | 2,743 | 2,703 |
| 40,700 | 40,800 | 1,998 | 1,958 | 45,700 | 45,800 | 2,248 | 2,208 | 50,700 | 50,800 | 2,498 | 2,458 | 55,700 | 55,800 | 2,748 | 2,708 |
| 40,800 | 40,900 | 2,003 | 1,963 | 45,800 | 45,900 | 2,253 | 2,213 | 50,800 | 50,900 | 2,503 | 2,463 | 55,800 | 55,900 | 2,753 | 2,713 |
| 40,900 | 41,000 | 2,008 | 1,968 | 45,900 | 46,000 | 2,258 | 2,218 | 50,900 | 51,000 | 2,508 | 2,468 | 55,900 | 56,000 | 2,758 | 2,718 |

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 separately * Head of family | Married filing jointly | At least | But less than | Single * Married filing separately * Head of family | Married filing jointly | At least | But less than | Single * Married filing separately * Head of family | Married filing jointly | | | | |
| | | Your tax is — | | | | Your tax is — | | | | Your tax is — | | | | | |
| 56,000 | | | | 61,000 | | | | 66,000 | | | | 71,000 | | | |
| 56,000 | 56,100 | 2,763 | 2,723 | 61,000 | 61,100 | 3,013 | 2,973 | 66,000 | 66,100 | 3,263 | 3,223 | 71,000 | 71,100 | 3,513 | 3,473 |
| 56,100 | 56,200 | 2,768 | 2,728 | 61,100 | 61,200 | 3,018 | 2,978 | 66,100 | 66,200 | 3,268 | 3,228 | 71,100 | 71,200 | 3,518 | 3,478 |
| 56,200 | 56,300 | 2,773 | 2,733 | 61,200 | 61,300 | 3,023 | 2,983 | 66,200 | 66,300 | 3,273 | 3,233 | 71,200 | 71,300 | 3,523 | 3,483 |
| 56,300 | 56,400 | 2,778 | 2,738 | 61,300 | 61,400 | 3,028 | 2,988 | 66,300 | 66,400 | 3,278 | 3,238 | 71,300 | 71,400 | 3,528 | 3,488 |
| 56,400 | 56,500 | 2,783 | 2,743 | 61,400 | 61,500 | 3,033 | 2,993 | 66,400 | 66,500 | 3,283 | 3,243 | 71,400 | 71,500 | 3,533 | 3,493 |
| 56,500 | 56,600 | 2,788 | 2,748 | 61,500 | 61,600 | 3,038 | 2,998 | 66,500 | 66,600 | 3,288 | 3,248 | 71,500 | 71,600 | 3,538 | 3,498 |
| 56,600 | 56,700 | 2,793 | 2,753 | 61,600 | 61,700 | 3,043 | 3,003 | 66,600 | 66,700 | 3,293 | 3,253 | 71,600 | 71,700 | 3,543 | 3,503 |
| 56,700 | 56,800 | 2,798 | 2,758 | 61,700 | 61,800 | 3,048 | 3,008 | 66,700 | 66,800 | 3,298 | 3,258 | 71,700 | 71,800 | 3,548 | 3,508 |
| 56,800 | 56,900 | 2,803 | 2,763 | 61,800 | 61,900 | 3,053 | 3,013 | 66,800 | 66,900 | 3,303 | 3,263 | 71,800 | 71,900 | 3,553 | 3,513 |
| 56,900 | 57,000 | 2,808 | 2,768 | 61,900 | 62,000 | 3,058 | 3,018 | 66,900 | 67,000 | 3,308 | 3,268 | 71,900 | 72,000 | 3,558 | 3,518 |
| 57,000 | | | | 62,000 | | | | 67,000 | | | | 72,000 | | | |
| 57,000 | 57,100 | 2,813 | 2,773 | 62,000 | 62,100 | 3,063 | 3,023 | 67,000 | 67,100 | 3,313 | 3,273 | 72,000 | 72,100 | 3,563 | 3,523 |
| 57,100 | 57,200 | 2,818 | 2,778 | 62,100 | 62,200 | 3,068 | 3,028 | 67,100 | 67,200 | 3,318 | 3,278 | 72,100 | 72,200 | 3,568 | 3,528 |
| 57,200 | 57,300 | 2,823 | 2,783 | 62,200 | 62,300 | 3,073 | 3,033 | 67,200 | 67,300 | 3,323 | 3,283 | 72,200 | 72,300 | 3,573 | 3,533 |
| 57,300 | 57,400 | 2,828 | 2,788 | 62,300 | 62,400 | 3,078 | 3,038 | 67,300 | 67,400 | 3,328 | 3,288 | 72,300 | 72,400 | 3,578 | 3,538 |
| 57,400 | 57,500 | 2,833 | 2,793 | 62,400 | 62,500 | 3,083 | 3,043 | 67,400 | 67,500 | 3,333 | 3,293 | 72,400 | 72,500 | 3,583 | 3,543 |
| 57,500 | 57,600 | 2,838 | 2,798 | 62,500 | 62,600 | 3,088 | 3,048 | 67,500 | 67,600 | 3,338 | 3,298 | 72,500 | 72,600 | 3,588 | 3,548 |
| 57,600 | 57,700 | 2,843 | 2,803 | 62,600 | 62,700 | 3,093 | 3,053 | 67,600 | 67,700 | 3,343 | 3,303 | 72,600 | 72,700 | 3,593 | 3,553 |
| 57,700 | 57,800 | 2,848 | 2,808 | 62,700 | 62,800 | 3,098 | 3,058 | 67,700 | 67,800 | 3,348 | 3,308 | 72,700 | 72,800 | 3,598 | 3,558 |
| 57,800 | 57,900 | 2,853 | 2,813 | 62,800 | 62,900 | 3,103 | 3,063 | 67,800 | 67,900 | 3,353 | 3,313 | 72,800 | 72,900 | 3,603 | 3,563 |
| 57,900 | 58,000 | 2,858 | 2,818 | 62,900 | 63,000 | 3,108 | 3,068 | 67,900 | 68,000 | 3,358 | 3,318 | 72,900 | 73,000 | 3,608 | 3,568 |
| 58,000 | | | | 63,000 | | | | 68,000 | | | | 73,000 | | | |
| 58,000 | 58,100 | 2,863 | 2,823 | 63,000 | 63,100 | 3,113 | 3,073 | 68,000 | 68,100 | 3,363 | 3,323 | 73,000 | 73,100 | 3,613 | 3,573 |
| 58,100 | 58,200 | 2,868 | 2,828 | 63,100 | 63,200 | 3,118 | 3,078 | 68,100 | 68,200 | 3,368 | 3,328 | 73,100 | 73,200 | 3,618 | 3,578 |
| 58,200 | 58,300 | 2,873 | 2,833 | 63,200 | 63,300 | 3,123 | 3,083 | 68,200 | 68,300 | 3,373 | 3,333 | 73,200 | 73,300 | 3,623 | 3,583 |
| 58,300 | 58,400 | 2,878 | 2,838 | 63,300 | 63,400 | 3,128 | 3,088 | 68,300 | 68,400 | 3,378 | 3,338 | 73,300 | 73,400 | 3,628 | 3,588 |
| 58,400 | 58,500 | 2,883 | 2,843 | 63,400 | 63,500 | 3,133 | 3,093 | 68,400 | 68,500 | 3,383 | 3,343 | 73,400 | 73,500 | 3,633 | 3,593 |
| 58,500 | 58,600 | 2,888 | 2,848 | 63,500 | 63,600 | 3,138 | 3,098 | 68,500 | 68,600 | 3,388 | 3,348 | 73,500 | 73,600 | 3,638 | 3,598 |
| 58,600 | 58,700 | 2,893 | 2,853 | 63,600 | 63,700 | 3,143 | 3,103 | 68,600 | 68,700 | 3,393 | 3,353 | 73,600 | 73,700 | 3,643 | 3,603 |
| 58,700 | 58,800 | 2,898 | 2,858 | 63,700 | 63,800 | 3,148 | 3,108 | 68,700 | 68,800 | 3,398 | 3,358 | 73,700 | 73,800 | 3,648 | 3,608 |
| 58,800 | 58,900 | 2,903 | 2,863 | 63,800 | 63,900 | 3,153 | 3,113 | 68,800 | 68,900 | 3,403 | 3,363 | 73,800 | 73,900 | 3,653 | 3,613 |
| 58,900 | 59,000 | 2,908 | 2,868 | 63,900 | 64,000 | 3,158 | 3,118 | 68,900 | 69,000 | 3,408 | 3,368 | 73,900 | 74,000 | 3,658 | 3,618 |
| 59,000 | | | | 64,000 | | | | 69,000 | | | | 74,000 | | | |
| 59,000 | 59,100 | 2,913 | 2,873 | 64,000 | 64,100 | 3,163 | 3,123 | 69,000 | 69,100 | 3,413 | 3,373 | 74,000 | 74,100 | 3,663 | 3,623 |
| 59,100 | 59,200 | 2,918 | 2,878 | 64,100 | 64,200 | 3,168 | 3,128 | 69,100 | 69,200 | 3,418 | 3,378 | 74,100 | 74,200 | 3,668 | 3,628 |
| 59,200 | 59,300 | 2,923 | 2,883 | 64,200 | 64,300 | 3,173 | 3,133 | 69,200 | 69,300 | 3,423 | 3,383 | 74,200 | 74,300 | 3,673 | 3,633 |
| 59,300 | 59,400 | 2,928 | 2,888 | 64,300 | 64,400 | 3,178 | 3,138 | 69,300 | 69,400 | 3,428 | 3,388 | 74,300 | 74,400 | 3,678 | 3,638 |
| 59,400 | 59,500 | 2,933 | 2,893 | 64,400 | 64,500 | 3,183 | 3,143 | 69,400 | 69,500 | 3,433 | 3,393 | 74,400 | 74,500 | 3,683 | 3,643 |
| 59,500 | 59,600 | 2,938 | 2,898 | 64,500 | 64,600 | 3,188 | 3,148 | 69,500 | 69,600 | 3,438 | 3,398 | 74,500 | 74,600 | 3,688 | 3,648 |
| 59,600 | 59,700 | 2,943 | 2,903 | 64,600 | 64,700 | 3,193 | 3,153 | 69,600 | 69,700 | 3,443 | 3,403 | 74,600 | 74,700 | 3,693 | 3,653 |
| 59,700 | 59,800 | 2,948 | 2,908 | 64,700 | 64,800 | 3,198 | 3,158 | 69,700 | 69,800 | 3,448 | 3,408 | 74,700 | 74,800 | 3,698 | 3,658 |
| 59,800 | 59,900 | 2,953 | 2,913 | 64,800 | 64,900 | 3,203 | 3,163 | 69,800 | 69,900 | 3,453 | 3,413 | 74,800 | 74,900 | 3,703 | 3,663 |
| 59,900 | 60,000 | 2,958 | 2,918 | 64,900 | 65,000 | 3,208 | 3,168 | 69,900 | 70,000 | 3,458 | 3,418 | 74,900 | 75,000 | 3,708 | 3,668 |
| 60,000 | | | | 65,000 | | | | 70,000 | | | | 75,000 | | | |
| 60,000 | 60,100 | 2,963 | 2,923 | 65,000 | 65,100 | 3,213 | 3,173 | 70,000 | 70,100 | 3,463 | 3,423 | 75,000 | 75,100 | 3,713 | 3,673 |
| 60,100 | 60,200 | 2,968 | 2,928 | 65,100 | 65,200 | 3,218 | 3,178 | 70,100 | 70,200 | 3,468 | 3,428 | 75,100 | 75,200 | 3,718 | 3,678 |
| 60,200 | 60,300 | 2,973 | 2,933 | 65,200 | 65,300 | 3,223 | 3,183 | 70,200 | 70,300 | 3,473 | 3,433 | 75,200 | 75,300 | 3,723 | 3,683 |
| 60,300 | 60,400 | 2,978 | 2,938 | 65,300 | 65,400 | 3,228 | 3,188 | 70,300 | 70,400 | 3,478 | 3,438 | 75,300 | 75,400 | 3,728 | 3,688 |
| 60,400 | 60,500 | 2,983 | 2,943 | 65,400 | 65,500 | 3,233 | 3,193 | 70,400 | 70,500 | 3,483 | 3,443 | 75,400 | 75,500 | 3,733 | 3,693 |
| 60,500 | 60,600 | 2,988 | 2,948 | 65,500 | 65,600 | 3,238 | 3,198 | 70,500 | 70,600 | 3,488 | 3,448 | 75,500 | 75,600 | 3,738 | 3,698 |
| 60,600 | 60,700 | 2,993 | 2,953 | 65,600 | 65,700 | 3,243 | 3,203 | 70,600 | 70,700 | 3,493 | 3,453 | 75,600 | 75,700 | 3,743 | 3,703 |
| 60,700 | 60,800 | 2,998 | 2,958 | 65,700 | 65,800 | 3,248 | 3,208 | 70,700 | 70,800 | 3,498 | 3,458 | 75,700 | 75,800 | 3,748 | 3,708 |
| 60,800 | 60,900 | 3,003 | 2,963 | 65,800 | 65,900 | 3,253 | 3,213 | 70,800 | 70,900 | 3,503 | 3,463 | 75,800 | 75,900 | 3,753 | 3,713 |
| 60,900 | 61,000 | 3,008 | 2,968 | 65,900 | 66,000 | 3,258 | 3,218 | 70,900 | 71,000 | 3,508 | 3,468 | 75,900 | 76,000 | 3,758 | 3,718 |

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 separately * Head of family | Married filing jointly | At least | But less than | Single * Married filing separately * Head of family | Married filing jointly | At least | But less than | Single * Married filing separately * Head of family | Married filing jointly | | | | |
| | | Your tax is — | | | | Your tax is — | | | | Your tax is — | | | | | |
| 76,000 | | | | 81,000 | | | | 86,000 | | | | 91,000 | | | |
| 76,000 | 76,100 | 3,763 | 3,723 | 81,000 | 81,100 | 4,013 | 3,973 | 86,000 | 86,100 | 4,263 | 4,223 | 91,000 | 91,100 | 4,513 | 4,473 |
| 76,100 | 76,200 | 3,768 | 3,728 | 81,100 | 81,200 | 4,018 | 3,978 | 86,100 | 86,200 | 4,268 | 4,228 | 91,100 | 91,200 | 4,518 | 4,478 |
| 76,200 | 76,300 | 3,773 | 3,733 | 81,200 | 81,300 | 4,023 | 3,983 | 86,200 | 86,300 | 4,273 | 4,233 | 91,200 | 91,300 | 4,523 | 4,483 |
| 76,300 | 76,400 | 3,778 | 3,738 | 81,300 | 81,400 | 4,028 | 3,988 | 86,300 | 86,400 | 4,278 | 4,238 | 91,300 | 91,400 | 4,528 | 4,488 |
| 76,400 | 76,500 | 3,783 | 3,743 | 81,400 | 81,500 | 4,033 | 3,993 | 86,400 | 86,500 | 4,283 | 4,243 | 91,400 | 91,500 | 4,533 | 4,493 |
| 76,500 | 76,600 | 3,788 | 3,748 | 81,500 | 81,600 | 4,038 | 3,998 | 86,500 | 86,600 | 4,288 | 4,248 | 91,500 | 91,600 | 4,538 | 4,498 |
| 76,600 | 76,700 | 3,793 | 3,753 | 81,600 | 81,700 | 4,043 | 4,003 | 86,600 | 86,700 | 4,293 | 4,253 | 91,600 | 91,700 | 4,543 | 4,503 |
| 76,700 | 76,800 | 3,798 | 3,758 | 81,700 | 81,800 | 4,048 | 4,008 | 86,700 | 86,800 | 4,298 | 4,258 | 91,700 | 91,800 | 4,548 | 4,508 |
| 76,800 | 76,900 | 3,803 | 3,763 | 81,800 | 81,900 | 4,053 | 4,013 | 86,800 | 86,900 | 4,303 | 4,263 | 91,800 | 91,900 | 4,553 | 4,513 |
| 76,900 | 77,000 | 3,808 | 3,768 | 81,900 | 82,000 | 4,058 | 4,018 | 86,900 | 87,000 | 4,308 | 4,268 | 91,900 | 92,000 | 4,558 | 4,518 |
| 77,000 | | | | 82,000 | | | | 87,000 | | | | 92,000 | | | |
| 77,000 | 77,100 | 3,813 | 3,773 | 82,000 | 82,100 | 4,063 | 4,023 | 87,000 | 87,100 | 4,313 | 4,273 | 92,000 | 92,100 | 4,563 | 4,523 |
| 77,100 | 77,200 | 3,818 | 3,778 | 82,100 | 82,200 | 4,068 | 4,028 | 87,100 | 87,200 | 4,318 | 4,278 | 92,100 | 92,200 | 4,568 | 4,528 |
| 77,200 | 77,300 | 3,823 | 3,783 | 82,200 | 82,300 | 4,073 | 4,033 | 87,200 | 87,300 | 4,323 | 4,283 | 92,200 | 92,300 | 4,573 | 4,533 |
| 77,300 | 77,400 | 3,828 | 3,788 | 82,300 | 82,400 | 4,078 | 4,038 | 87,300 | 87,400 | 4,328 | 4,288 | 92,300 | 92,400 | 4,578 | 4,538 |
| 77,400 | 77,500 | 3,833 | 3,793 | 82,400 | 82,500 | 4,083 | 4,043 | 87,400 | 87,500 | 4,333 | 4,293 | 92,400 | 92,500 | 4,583 | 4,543 |
| 77,500 | 77,600 | 3,838 | 3,798 | 82,500 | 82,600 | 4,088 | 4,048 | 87,500 | 87,600 | 4,338 | 4,298 | 92,500 | 92,600 | 4,588 | 4,548 |
| 77,600 | 77,700 | 3,843 | 3,803 | 82,600 | 82,700 | 4,093 | 4,053 | 87,600 | 87,700 | 4,343 | 4,303 | 92,600 | 92,700 | 4,593 | 4,553 |
| 77,700 | 77,800 | 3,848 | 3,808 | 82,700 | 82,800 | 4,098 | 4,058 | 87,700 | 87,800 | 4,348 | 4,308 | 92,700 | 92,800 | 4,598 | 4,558 |
| 77,800 | 77,900 | 3,853 | 3,813 | 82,800 | 82,900 | 4,103 | 4,063 | 87,800 | 87,900 | 4,353 | 4,313 | 92,800 | 92,900 | 4,603 | 4,563 |
| 77,900 | 78,000 | 3,858 | 3,818 | 82,900 | 83,000 | 4,108 | 4,068 | 87,900 | 88,000 | 4,358 | 4,318 | 92,900 | 93,000 | 4,608 | 4,568 |
| 78,000 | | | | 83,000 | | | | 88,000 | | | | 93,000 | | | |
| 78,000 | 78,100 | 3,863 | 3,823 | 83,000 | 83,100 | 4,113 | 4,073 | 88,000 | 88,100 | 4,363 | 4,323 | 93,000 | 93,100 | 4,613 | 4,573 |
| 78,100 | 78,200 | 3,868 | 3,828 | 83,100 | 83,200 | 4,118 | 4,078 | 88,100 | 88,200 | 4,368 | 4,328 | 93,100 | 93,200 | 4,618 | 4,578 |
| 78,200 | 78,300 | 3,873 | 3,833 | 83,200 | 83,300 | 4,123 | 4,083 | 88,200 | 88,300 | 4,373 | 4,333 | 93,200 | 93,300 | 4,623 | 4,583 |
| 78,300 | 78,400 | 3,878 | 3,838 | 83,300 | 83,400 | 4,128 | 4,088 | 88,300 | 88,400 | 4,378 | 4,338 | 93,300 | 93,400 | 4,628 | 4,588 |
| 78,400 | 78,500 | 3,883 | 3,843 | 83,400 | 83,500 | 4,133 | 4,093 | 88,400 | 88,500 | 4,383 | 4,343 | 93,400 | 93,500 | 4,633 | 4,593 |
| 78,500 | 78,600 | 3,888 | 3,848 | 83,500 | 83,600 | 4,138 | 4,098 | 88,500 | 88,600 | 4,388 | 4,348 | 93,500 | 93,600 | 4,638 | 4,598 |
| 78,600 | 78,700 | 3,893 | 3,853 | 83,600 | 83,700 | 4,143 | 4,103 | 88,600 | 88,700 | 4,393 | 4,353 | 93,600 | 93,700 | 4,643 | 4,603 |
| 78,700 | 78,800 | 3,898 | 3,858 | 83,700 | 83,800 | 4,148 | 4,108 | 88,700 | 88,800 | 4,398 | 4,358 | 93,700 | 93,800 | 4,648 | 4,608 |
| 78,800 | 78,900 | 3,903 | 3,863 | 83,800 | 83,900 | 4,153 | 4,113 | 88,800 | 88,900 | 4,403 | 4,363 | 93,800 | 93,900 | 4,653 | 4,613 |
| 78,900 | 79,000 | 3,908 | 3,868 | 83,900 | 84,000 | 4,158 | 4,118 | 88,900 | 89,000 | 4,408 | 4,368 | 93,900 | 94,000 | 4,658 | 4,618 |
| 79,000 | | | | 84,000 | | | | 89,000 | | | | 94,000 | | | |
| 79,000 | 79,100 | 3,913 | 3,873 | 84,000 | 84,100 | 4,163 | 4,123 | 89,000 | 89,100 | 4,413 | 4,373 | 94,000 | 94,100 | 4,663 | 4,623 |
| 79,100 | 79,200 | 3,918 | 3,878 | 84,100 | 84,200 | 4,168 | 4,128 | 89,100 | 89,200 | 4,418 | 4,378 | 94,100 | 94,200 | 4,668 | 4,628 |
| 79,200 | 79,300 | 3,923 | 3,883 | 84,200 | 84,300 | 4,173 | 4,133 | 89,200 | 89,300 | 4,423 | 4,383 | 94,200 | 94,300 | 4,673 | 4,633 |
| 79,300 | 79,400 | 3,928 | 3,888 | 84,300 | 84,400 | 4,178 | 4,138 | 89,300 | 89,400 | 4,428 | 4,388 | 94,300 | 94,400 | 4,678 | 4,638 |
| 79,400 | 79,500 | 3,933 | 3,893 | 84,400 | 84,500 | 4,183 | 4,143 | 89,400 | 89,500 | 4,433 | 4,393 | 94,400 | 94,500 | 4,683 | 4,643 |
| 79,500 | 79,600 | 3,938 | 3,898 | 84,500 | 84,600 | 4,188 | 4,148 | 89,500 | 89,600 | 4,438 | 4,398 | 94,500 | 94,600 | 4,688 | 4,648 |
| 79,600 | 79,700 | 3,943 | 3,903 | 84,600 | 84,700 | 4,193 | 4,153 | 89,600 | 89,700 | 4,443 | 4,403 | 94,600 | 94,700 | 4,693 | 4,653 |
| 79,700 | 79,800 | 3,948 | 3,908 | 84,700 | 84,800 | 4,198 | 4,158 | 89,700 | 89,800 | 4,448 | 4,408 | 94,700 | 94,800 | 4,698 | 4,658 |
| 79,800 | 79,900 | 3,953 | 3,913 | 84,800 | 84,900 | 4,203 | 4,163 | 89,800 | 89,900 | 4,453 | 4,413 | 94,800 | 94,900 | 4,703 | 4,663 |
| 79,900 | 80,000 | 3,958 | 3,918 | 84,900 | 85,000 | 4,208 | 4,168 | 89,900 | 90,000 | 4,458 | 4,418 | 94,900 | 95,000 | 4,708 | 4,668 |
| 80,000 | | | | 85,000 | | | | 90,000 | | | | 95,000 | | | |
| 80,000 | 80,100 | 3,963 | 3,923 | 85,000 | 85,100 | 4,213 | 4,173 | 90,000 | 90,100 | 4,463 | 4,423 | 95,000 | 95,100 | 4,713 | 4,673 |
| 80,100 | 80,200 | 3,968 | 3,928 | 85,100 | 85,200 | 4,218 | 4,178 | 90,100 | 90,200 | 4,468 | 4,428 | 95,100 | 95,200 | 4,718 | 4,678 |
| 80,200 | 80,300 | 3,973 | 3,933 | 85,200 | 85,300 | 4,223 | 4,183 | 90,200 | 90,300 | 4,473 | 4,433 | 95,200 | 95,300 | 4,723 | 4,683 |
| 80,300 | 80,400 | 3,978 | 3,938 | 85,300 | 85,400 | 4,228 | 4,188 | 90,300 | 90,400 | 4,478 | 4,438 | 95,300 | 95,400 | 4,728 | 4,688 |
| 80,400 | 80,500 | 3,983 | 3,943 | 85,400 | 85,500 | 4,233 | 4,193 | 90,400 | 90,500 | 4,483 | 4,443 | 95,400 | 95,500 | 4,733 | 4,693 |
| 80,500 | 80,600 | 3,988 | 3,948 | 85,500 | 85,600 | 4,238 | 4,198 | 90,500 | 90,600 | 4,488 | 4,448 | 95,500 | 95,600 | 4,738 | 4,698 |
| 80,600 | 80,700 | 3,993 | 3,953 | 85,600 | 85,700 | 4,243 | 4,203 | 90,600 | 90,700 | 4,493 | 4,453 | 95,600 | 95,700 | 4,743 | 4,703 |
| 80,700 | 80,800 | 3,998 | 3,958 | 85,700 | 85,800 | 4,248 | 4,208 | 90,700 | 90,800 | 4,498 | 4,458 | 95,700 | 95,800 | 4,748 | 4,708 |
| 80,800 | 80,900 | 4,003 | 3,963 | 85,800 | 85,900 | 4,253 | 4,213 | 90,800 | 90,900 | 4,503 | 4,463 | 95,800 | 95,900 | 4,753 | 4,713 |
| 80,900 | 81,000 | 4,008 | 3,968 | 85,900 | 86,000 | 4,258 | 4,218 | 90,900 | 91,000 | 4,508 | 4,468 | 95,900 | 96,000 | 4,758 | 4,718 |

Tax Table – Continued

| If taxable income is — | | And you are — | |
|------------------------|---------------|---|------------------------|
| At least | But less than | Single * Married filing separately * Head of family | Married filing jointly |
| | | Your tax is — | |
| 96,000 | | | |
| 96,000 | 96,100 | 4,763 | 4,723 |
| 96,100 | 96,200 | 4,768 | 4,728 |
| 96,200 | 96,300 | 4,773 | 4,733 |
| 96,300 | 96,400 | 4,778 | 4,738 |
| 96,400 | 96,500 | 4,783 | 4,743 |
| 96,500 | 96,600 | 4,788 | 4,748 |
| 96,600 | 96,700 | 4,793 | 4,753 |
| 96,700 | 96,800 | 4,798 | 4,758 |
| 96,800 | 96,900 | 4,803 | 4,763 |
| 96,900 | 97,000 | 4,808 | 4,768 |

| If taxable income is — | | And you are — | |
|------------------------|---------------|---|------------------------|
| At least | But less than | Single * Married filing separately * Head of family | Married filing jointly |
| | | Your tax is — | |
| 97,000 | | | |
| 97,000 | 97,100 | 4,813 | 4,773 |
| 97,100 | 97,200 | 4,818 | 4,778 |
| 97,200 | 97,300 | 4,823 | 4,783 |
| 97,300 | 97,400 | 4,828 | 4,788 |
| 97,400 | 97,500 | 4,833 | 4,793 |
| 97,500 | 97,600 | 4,838 | 4,798 |
| 97,600 | 97,700 | 4,843 | 4,803 |
| 97,700 | 97,800 | 4,848 | 4,808 |
| 97,800 | 97,900 | 4,853 | 4,813 |
| 97,900 | 98,000 | 4,858 | 4,818 |

| If taxable income is — | | And you are — | |
|------------------------|---------------|---|------------------------|
| At least | But less than | Single * Married filing separately * Head of family | Married filing jointly |
| | | Your tax is — | |
| 98,000 | | | |
| 98,000 | 98,100 | 4,863 | 4,823 |
| 98,100 | 98,200 | 4,868 | 4,828 |
| 98,200 | 98,300 | 4,873 | 4,833 |
| 98,300 | 98,400 | 4,878 | 4,838 |
| 98,400 | 98,500 | 4,883 | 4,843 |
| 98,500 | 98,600 | 4,888 | 4,848 |
| 98,600 | 98,700 | 4,893 | 4,853 |
| 98,700 | 98,800 | 4,898 | 4,858 |
| 98,800 | 98,900 | 4,903 | 4,863 |
| 98,900 | 99,000 | 4,908 | 4,868 |

| If taxable income is — | | And you are — | |
|------------------------|---------------|---|------------------------|
| At least | But less than | Single * Married filing separately * Head of family | Married filing jointly |
| | | Your tax is — | |
| 99,000 | | | |
| 99,000 | 99,100 | 4,913 | 4,873 |
| 99,100 | 99,200 | 4,918 | 4,878 |
| 99,200 | 99,300 | 4,923 | 4,883 |
| 99,300 | 99,400 | 4,928 | 4,888 |
| 99,400 | 99,500 | 4,933 | 4,893 |
| 99,500 | 99,600 | 4,938 | 4,898 |
| 99,600 | 99,700 | 4,943 | 4,903 |
| 99,700 | 99,800 | 4,948 | 4,908 |
| 99,800 | 99,900 | 4,953 | 4,913 |
| 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. ► _____

How To Obtain Forms

To obtain instructions, schedules and forms visit our Web site at: 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 ATC – for computation of apprenticeship 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 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 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.

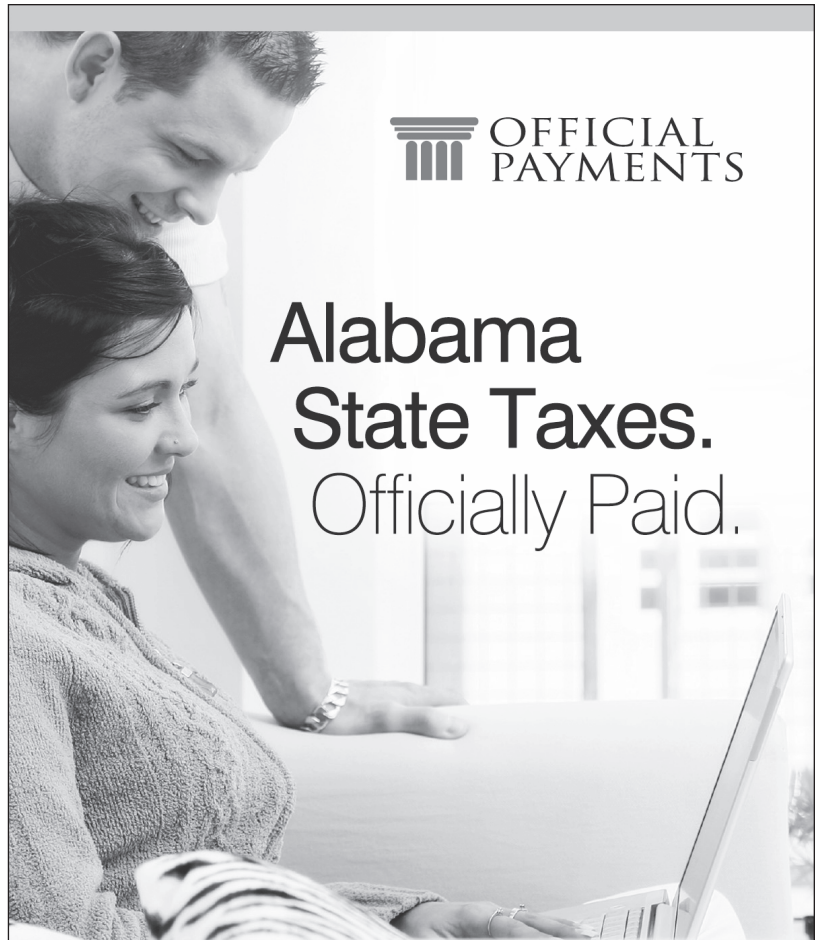
Form 3903 for claiming moving expenses.

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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Earn Rewards. Use a credit or debit card to pay through Official Payments. You may earn a point, mile or money back. You may even gain a little extra time to pay. Visit www.OfficialPayments.com/SpecialOffers for special offers and promotions.

Official Payments charges a nominal fee for this service.

Do you need **help** *paying for* **PHONE SERVICE?**

**DO YOU, OR SOMEONE IN YOUR HOUSEHOLD,
PARTICIPATE IN ANY OF THESE PROGRAMS?**

- Medicaid
- Food Stamps
- Supplemental Security Income (SSI)
- Section 8 Federal Public Housing Assistance (FPHA)
- Low Income Home Energy Assistance Program (LIHEAP)
- Temporary Assistance for Needy Families (TANF)

**YOU MAY QUALIFY FOR THESE TWO
SPECIAL PROGRAMS:**

• **LINK-UP**

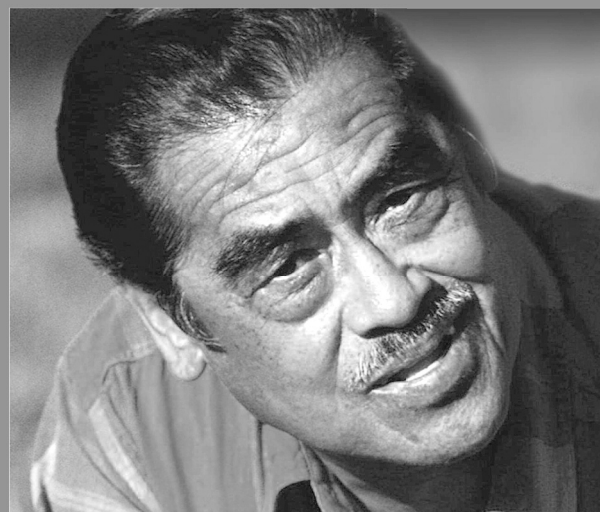
This program provides a discount on the cost of installing telephone service.

• **LIFELINE**

This program provides a discount on the cost of monthly telephone service.

For a complete set of terms for the Link-Up and Lifeline programs, call or visit your local telephone company. You may also contact any other eligible telecommunications company that is certified to provide service in Alabama by the Alabama Public Service Commission or the Federal Communications Commission.

Link-Up and Lifeline are part of the Federal Universal Service Fund program. The Federal Communications Commission introduced this program, and the Universal Service Administrative Company oversees it. The goal of Universal Service is to make sure consumers throughout the United States have essential telecommunications service.



To find out if you qualify for these programs,
call your local telephone company.
You may also call the
Alabama Public
Service Commission
toll-free at
1-800-882-3919