

Income/Franchise:

Alabama: New Law Includes Credits for Owners of Passthroughs Electing Entity-Level Taxation

H.B. 588, signed by gov. 5/14/21. Following legislation enacted earlier this year that allows some pass-through entities to elect to be taxed at the entity level [see H.B. 170 (2021) and previously issued Multistate Tax Alert for more details on this new law], effective immediately, another enacted bill revises some of the earlier provisions and includes a corporate or individual income tax credit for owners, members, partners, and/or shareholders of such electing passthrough entities in an amount equal to their respective pro rata or distributive share of the Alabama income taxes paid by such entities for tax years beginning on or after January 1, 2021.

URL: http://alisondb.legislature.state.al.us/ALISON_LCC/SESSBillStatusResult.ASPX?BILL=HB588&WIN_TYPE=BillResult

URL: http://alisondb.legislature.state.al.us/alison/SESSBillStatusResult.ASPX?BILL=HB170&WIN_TYPE=BillResult

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-alabama-passes-wide-ranging-tax-legislation-addressing-the-cares-act-and-federal-covid-relief.pdf>

See recently issued Multistate Tax Alert for more details on this new law, and please contact us with any questions.

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