

Income/Franchise:

Alabama: Proposed Rule Changes Reflect Move from Double-Weighted to Single Sales Factor

Notice of Intended Action: Rules 810-27-1-.01; 810-27-1-.02; 810-27-1-.10; 810-27-1-.11; 810-27-1-.12; 810-27-1-.13; 810-27-1-.16; 810-27-1-.17; 810-27-1-.18; 810-27-1-.18.01; 810-27-1-.18.02; 810-27-1-.18.03; 810-27-1-.18.04; 810-27-1-.18.05; 810-27-1-.18.06; 810-27-1-.18.07, Ala. Dept. of Rev. (10/29/21); Proposed Amended Reg. Sections 810-27-1-.01; 810-27-1-.02; 810-27-1-.10; 810-27-1-.11; 810-27-1-.12; 810-27-1-.13; 810-27-1-.16; 810-27-1-.17; 810-27-1-.18; 810-27-1-.18.01; 810-27-1-.18.02; 810-27-1-.18.03; 810-27-1-.18.04; 810-27-1-.18.05; 810-27-1-.18.06; 810-27-1-.18.07, Ala. Dept. of Rev. (10/29/21). The Alabama Department of Revenue (Department) proposed rule changes reflecting legislation enacted earlier this year [see H.B. 170 (2021) and previously issued Multistate Tax Alert for more details on this new law] that, effective for periods beginning on or after January 1, 2021, moves from a three-factor double-weighted sales apportionment formula to a single sales factor formula for state corporate income tax purposes. Among other changes, the proposed revisions provide that for tax periods beginning on or after January 1, 2021, Alabama's property and payroll factor provisions generally are no longer considered in calculating a taxpayer's Alabama apportionment factor, but they may be applicable when:

URL: <http://www.alabamaadministrativecode.state.al.us/UpdatedMonthly/AAM-OCT-21/AAM-OCT-21.htm>

URL: <https://revenue.alabama.gov/tax-policy/proposed-rule-changes/>

URL: <https://legiscan.com/AL/text/HB170/id/2289380>

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>

- A taxpayer petitions and is granted approval from the Department to employ an alternative apportionment method in accordance with section 40-27-1, Code of Ala. 1975; or
- Measuring against nexus thresholds pursuant to section 40-18-31.2, Code of Ala. 1975.

A virtual public hearing on these proposed rule changes is scheduled for December 7, 2021, and any written comments are due on the same date.

Note that, previously, the Department also proposed changes to Rule Section 810-27-1-.09 to reflect Alabama's move from a double-weighted to single sales factor apportionment method [see *State Tax Matters*, Issue 2021-40, for details on this earlier proposed rule change]. Please contact us with any questions

URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2021/STM/211008_2.html

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