

## Income/Franchise:

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

*Certified Adopted: 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-.18.04; 810-27-1-.18.06, Ala. Dept. of Rev. (2/28/22); 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-.18.04; 810-27-1-.18.06, Ala. Dept. of Rev. (10/29/21).* The Alabama Department of Revenue (Department) adopted rule changes reflecting legislation enacted in 2021 [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 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-FEB-22/AAM-FEB-22.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.

Note that, previously, the Department also adopted 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 2022-1, for details on this earlier rule change]. Please contact us with any questions

**URL:** [https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2022/STM/220107\\_3.html](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2022/STM/220107_3.html)

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