

Income/Franchise:

Alabama Tax Tribunal Holds Nonresident Remote Worker Subject to Tax Due to In-State Employer

Docket No. INC. 22-390-LP, Ala. Tax Trib. (3/8/23). In a case involving an individual who used to reside in Alabama and work for an in-state employer but who permanently relocated outside Alabama during the COVID-19 pandemic and worked remotely for the same employer, an Alabama Tax Tribunal judge held that the individual “continued to transact business in Alabama via his employment” and thus his income earned from the in-state employer “was a result of his conducting business in Alabama and was properly taxable to this State.” The judge commented that based on the provided facts, the individual’s intent was to permanently relocate out-of-state (in this case, Idaho) during September 2020, and that he had abandoned his Alabama domicile; as such, the individual was not subject to Alabama income tax as a domiciliary of Alabama from that 2020 date forward. As a nonresident for the tax years at issue, the individual unsuccessfully claimed that because he was not physically present in Alabama while working remotely from Idaho, his income was not Alabama-sourced; however, the judge held otherwise and noted that the individual continued to report to the same Alabama supervisors to whom he had reported when he had physically worked in Alabama as a resident. Please contact us with any questions.

URL: <https://taxtribunal.alabama.gov/PDF.aspx?id=1771>

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