

The following has special meaning:
green underline denotes added text
~~red struck-out text denotes deleted text~~

Powered by
LexisNexis® State Net®

2021 AL H 98

Author: Whitt
Version: Introduced
Version Date: 02/02/2021

HB98

By Representative Whitt

RFD Ways and Means Education

Rd 1 02-FEB-21

SYNOPSIS:

Under existing law, amounts received in 2020 as a result of federal tax credits or advance refunds provided under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, as provided in I.R.C. § 6428, are not excluded from Alabama individual income taxation.

Under existing law, cancellation of indebtedness income resulting from the forgiveness of small business loans forgiven under § 1106 of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act is not excluded from Alabama individual income taxation and may not be excluded from Alabama corporate income taxation and financial institution excise taxation.

Under existing law, taxable income for corporate income tax is defined as federal taxable income with certain additions and deductions. Alabama's corporate income tax law automatically conforms to federal corporate income tax laws, including changes imposed by the federal Tax Cuts and Jobs Act (TCJA) and the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Under existing law, any amount received from the state Coronavirus Relief Fund is treated as taxable income for purposes of Alabama income and financial institution excise taxation.

This bill would provide for an exclusion from Alabama individual income taxation for any federal tax credits or advance refunds resulting from the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act.

This bill would provide an income and financial institution excise tax exemption for any amounts received from the Coronavirus Relief Fund.

This bill would provide for an exclusion from Alabama income taxation and financial institution excise taxation for small business loans forgiven under the Paycheck Protection Program established by the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act.

A BILL

TO BE ENTITLED

AN ACT

Relating to corporate income tax; to provide for an exclusion from Alabama individual income tax for federal tax credits, advance refunds, or loan forgiveness resulting from the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act; and to provide an income and financial institution excise tax exemption for any amounts received from the Coronavirus Relief Fund.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. (a) Any tax credits or advance refund amounts received as a result of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, as provided in I.R.C. § 6428, shall be excluded from Alabama individual income taxation.

(b) For taxable year 2020, any tax credits or advance refund amounts received as a result of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, as provided in I.R.C. § 6428, shall also be excluded from any and all calculations in determining a taxpayer's federal income tax deduction pursuant to § 40-18-15, Code of Alabama 1975.

(c) Principal or interest payments incurred by an employer on any qualified education loan that is excluded from the employee's federal gross income pursuant to I.R.C. § 127(c)(1)(B), under the provisions of § 2206(a) of the Coronavirus Aid, Relief, and Economic Security

(CARES) Act shall be excluded from the gross income of an employee for income taxes imposed by Chapter 18 of Title 40, Code of Alabama 1975, to the same extent as the amount is excluded from the federal gross income.

(d) Any Alabama taxpayer subject to the tax imposed by Chapter 16 or Chapter 18 of Title 40, Code of Alabama 1975, shall be exempt from recognizing as income any amount received from the state Coronavirus Relief Fund provided by the Congress of the United States to the State of Alabama from the Coronavirus, Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136).

Section 2. Any amount of cancellation of indebtedness income resulting from a loan forgiven under § 1106 of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act:

(1) Shall be exempt from the financial institution excise tax imposed by Chapter 16 of Title 40, Code of Alabama 1975, and the income taxes imposed by Chapter 18 of Title 40, Code of Alabama 1975, to the same extent as the amount is exempt from the federal income tax.

(2) Shall not be considered in determining the deductibility of otherwise deductible expenses, such as payroll, utilities, mortgage interest, and rent, allowed to be paid with the exempt funds, to the same extent as the expenses remain deductible in calculating federal income tax.

(3) Shall also be excluded from any and all calculations in determining a taxpayer's federal income tax deduction pursuant to Chapter 16 or Chapter 18 of Title 40, Code of Alabama 1975.

Section 3. The Department of Revenue may adopt rules for the implementation and administration of this act.

Section 4. This act shall be effective immediately following its passage and approval by the Governor, or its otherwise becoming law.