

Income/Franchise:

Alabama: New Law Revises Pass-through Entity-Level Tax Election and Revocation Procedures

H.B. 187, signed by gov. 4/25/24. New law extends the due date for a qualifying pass-through entity to make Alabama's election to be taxed at the entity level [see previously issued Multistate Tax Alert, for more details on Alabama's pass-through entity tax election], or to revoke an existing pass-through entity tax election. Specifically, for tax years beginning on or after January 1, 2024, an electing (or revoking) pass-through entity must submit the appropriate form to the Alabama Department of Revenue (Department) on or before the due date for filing the applicable income tax return, including any extensions which have been granted following the close of that tax year for which the entity elects to be taxed (or no longer be taxed) as an electing pass-through entity. For tax years beginning on or after January 1, 2021, through December 31, 2023, an electing (or revoking) pass-through entity must submit the appropriate form to the Department on or before the fifteenth day of the third month following the close of that tax year for which the entity elects to be taxed (or no longer be taxed) as an electing pass-through entity. For tax years beginning on or after January 1, 2025, the legislation provides that such elections or revocations must be made on the timely filed return, including any extensions which have been granted. Note that for tax years beginning prior to January 1, 2025, such election must be made (or revoked) through the entity's "My Alabama Taxes" online account. Please contact us with any questions.

URL: <https://arc-sos.state.al.us/cgi/actdetail.mbr/detail?year=2024&act=%20113&page=bill>

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>

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