

RULES OF  
DEPARTMENT OF REVENUE

CHAPTER 810-3-2.1

EXEMPT INCOME FOR FOREIGN MISSIONARY SERVICE

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810-3-2.1-.01. Exempt Income for Foreign Missionary Service.

(1) After December 31, 1983, all missionary service income earned by a person engaged in foreign missionary service is exempt (excluded from gross income) if -

(a) the person is physically present in a foreign country or countries for a minimum of twenty-four (24) months, and

(b) the person is appointed or employed by a church or other like religious organization.

(2)(a)1. Only service as a foreign missionary qualifies for the exclusion in paragraph (1) above. Other foreign service, such as governmental appointments, does not qualify for the exclusion.

2. Missionary service not performed in a foreign country or countries does not qualify for the exclusion or for the computation of the 24 month qualifying period.

3. Service as a missionary in a territory or possession of the United States or within the Commonwealth of Puerto Rico does not qualify as foreign service.

(b)1. The 24 months of qualifying service need not be performed consecutively nor must the 24 month period begin on or after January 1, 1984.

(i) EXAMPLE: The taxpayer has served 24 months (not necessarily consecutively) as a foreign missionary prior to January 1, 1984. The taxpayer returns to foreign missionary service during 1984. All income earned as a foreign missionary in 1984 may be excluded from the Alabama income tax return for that period.

2. If a taxpayer receives foreign missionary service income, but has not met the 24 month foreign service requirement on or before the date the return for such year is filed (including extensions of time to file), such foreign missionary service income shall be included in gross income for the year earned. However, if the 24 month foreign service requirement period is subsequently met before the expiration of the statute of limitations for claiming a refund for such year, an amended return may be filed to exclude such prior foreign missionary service income and a claim for refund filed. Generally, such a refund claim must be filed within three years of the date the tax for such year was paid (or deemed to be paid, if paid by withholding or estimated payments). See Reg. 810-14-1-.19 for limitations on refund claims.

(3) Income earned from foreign missionary service for periods prior to January 1, 1984, may not be excluded from gross income even though such service may qualify for the 24 month period of required foreign service.

Author: Income Tax Division

Authority: Section 40-18-2.1, Code of Alabama 1975

History: Effective August 31, 1988.

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