

810-3-2-.02. Corporations Subject to Alabama Income Tax.

(1) Corporations, associations or joint-stock companies subject to tax in this state only are taxable on income from all sources, both within the without Alabama. Corporations, associations or joint-stock companies subject to tax in this state and another state shall allocate and apportion their income as defined in the statute and regulations under Section 40-27-1, Code of Alabama 1975.

(2) For a corporation acting in a fiduciary capacity in Alabama, see Reg. 810-3-2-.03.

(3) For tax years beginning after December 31, 1984, and before January 1, 1990, a qualified corporation, either domestic or foreign, may elect to be an Alabama S corporation under the provisions of Sec. 40-18-160, et seq., Code of Alabama 1975. For tax years beginning after December 31, 1989, a corporation qualified to do business or doing business in this state and having a valid S election U.S.C. § 1362 shall be an Alabama S corporation under the provisions of Sec. 40-18-160, et seq. An S corporation will not pay income tax at the corporate level, but will act as a conduit to pass through income to its shareholders. See §40-18-160, Code of Alabama 1975, and related regulations.

(4) (a) For tax years beginning after December 31, 1984, every organization described in subdivisions (1), (2), (3), (4), (5), (6), (7), (11), and (12) of § 40-18-32(a), which receives "unrelated business taxable income" as defined in 26 U.S.C. § 512, shall file an income tax return reporting such "unrelated business taxable income" and pay any tax due thereon.

(b) Any organization, whether incorporated or not, which receives such "unrelated business taxable income" shall file Form 20C and report income and deductions in the same manner as a corporation. Any organization subject to income tax which receives such "unrelated business taxable income" shall file Form 20C and report the income and deductions attributable to Alabama. See the statute and regulations under Section 40-27-1 for rules on apportionment and allocation of income and deductions.

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