

1 HB588
2 212628-3
3 By Representative Garrett
4 RFD: Ways and Means Education
5 First Read: 01-APR-21

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2 ENROLLED, An Act,

3 Relating to income taxation; to provide a credit to
4 an owner, member, partner, or shareholder of an electing
5 pass-through entity in an amount equal to its pro rata or
6 distributive share.

7 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

8 Section 1. (a) Notwithstanding any other provision
9 of Chapters 16 or 18 of Title 40 to the contrary, for tax
10 years beginning on or after January 1, 2021, any owner,
11 member, partner, or shareholder of an electing pass-through
12 entity shall report its pro rata or distributive share of the
13 income of the entity in accordance with the provisions of
14 Sections 40-16-4, 40-18-24, 40-18-26, 40-18-27, 40-18-28,
15 40-18-29, and 40-18-39, as applicable.

16 (b) The owner, member, partner, or shareholder of an
17 electing pass-through entity reporting income in accordance
18 with subsection (a) shall be entitled to a credit in an amount
19 equal to its pro rata or distributive share of the Alabama
20 income tax paid by the electing pass-through entity with
21 respect to the corresponding tax year.

22 (c) Any provision of Chapters 16 or 18 of Title 40
23 regarding the liability of an owner, member, partner, or
24 shareholder of electing pass-through entity for tax imposed by
25 Chapters 16 or 18 of this title on their pro rata or

1 distributive share of an electing pass-through entity's income
2 that is in conflict with this act is hereby superseded.

3 (d) The Department of Revenue may adopt rules for
4 the implementation and administration of this act.

5 Section 2. This act shall become effective
6 immediately following its passage and approval by the
7 Governor, or upon its otherwise becoming law.

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Speaker of the House of Representatives

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in
and was passed by the House 13-APR-21.

Jeff Woodard
Clerk

Senate	<hr/> 29-APR-21 <hr/>	Amended and Passed
House	<hr/> 29-APR-21 <hr/>	Concurred in Senate Amendment