

1 HB98
2 204357-1
3 By Representative Scott
4 RFD: State Government
5 First Read: 04-FEB-20

SYNOPSIS: Under current law, individuals that qualify to file the Alabama simplified short form with an optional increased standard deduction cannot report non-wage income.

This bill would allow taxpayers that would otherwise qualify to file the Alabama simplified short form to report up to fifteen hundred dollars of interest and dividend income, non-wage income.

A BILL
TO BE ENTITLED
AN ACT

Relating to individual income tax; to allow up to fifteen hundred of interest and dividend income on the Alabama simplified short form.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 40-18-15.7 Code of Alabama 1975, is amended to read as follows:

1 "§40-18-15.7.

2 "(a) A person qualifying for the optional increased
3 standard deduction is an Alabama resident, single person, or
4 married persons filing a joint return that meet all of the
5 following criteria:

6 "(1) Alabama gross income of less than one hundred
7 thousand dollars (\$100,000).

8 "(2) ~~Zero dollars (\$0) of non-wage~~ Up to fifteen
9 hundred dollars (\$1,500) of interest and dividend income.

10 "(3) Has no dependents or is not claiming any
11 expense or deduction associated with any dependents.

12 "(4) Does not claim any itemized deductions.

13 "(5) Does not claim any adjustments to income as
14 prescribed in Section 40-18-14.2.

15 "(6) Does not claim the federal income tax deduction
16 as provided in Section 40-18-15.

17 "(7) Does not claim any credits that are available
18 to offset any portion of the tax levied in this chapter.

19 "(8) Is not required to make estimated payments as
20 provided for in Sections 40-18-80.

21 "(9) Is not claiming any gain or loss as prescribed
22 in this chapter.

23 "(b) Notwithstanding Section 40-18-15, the standard
24 deduction allowed for returns filed pursuant to this section
25 shall be as follows:

26 "(1) Single persons shall be allowed a standard
27 deduction of two thousand two hundred fifty dollars (\$2,250),

1 or the standard deduction allowed by Section 40-18-15,
2 whichever is greater.

3 "(2) Taxpayers filing married filing jointly as
4 defined in Section 40-18-27 shall be allowed a standard
5 deduction of four thousand five hundred dollars (\$4,500), or
6 the standard deduction allowed by Section 40-18-15, whichever
7 is greater.

8 "(c) Persons qualifying for the optional increased
9 standard deduction are allowed to claim a personal exemption
10 in accordance with Section 40-18-19. The personal exemption
11 and optional increased standard deduction are the only
12 exemption or deduction that shall be allowed by persons opting
13 to claim the optional increased standard deduction.

14 "(d) Persons qualifying for the optional increased
15 standard deduction must voluntarily forego their right to
16 claim the federal income tax deduction as allowed by Section
17 40-18-15.

18 "(e) Any persons qualifying for the optional
19 increased standard deduction, pursuant to this section, must
20 acknowledge that they are voluntarily foregoing other
21 deductions, credits, and exemptions that may otherwise be
22 available to such persons.

23 "(f) Persons qualifying for and electing to claim
24 the optional increased standard deduction shall file the
25 return on a simplified short form and in a manner prescribed
26 by the department.

1 "(g) The department may promulgate rules to assist
2 with the administration of this section."

3 Section 2. This act shall become effective
4 immediately following its passage and approval by the
5 Governor, or its otherwise becoming law, and shall apply to
6 tax years beginning after December 31, 2020.