

1 HB346
2 183336-2
3 By Representatives Blackshear, Butler, Ledbetter, Shiver
4 and Polizos
5 RFD: Ways and Means Education
6 First Read: 02-MAR-17

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8 SYNOPSIS: Under current law, individuals are required
9 to file an Alabama income tax return reporting
10 gross income and claiming allowable deductions,
11 resulting in taxable income. Taxpayers pay income
12 tax on taxable income using a graduated tax rate
13 schedule.

14 This bill would establish a simplified short
15 form for filing individual income tax. This bill
16 allows for an optional increased standard deduction
17 to qualifying taxpayers to utilize a simplified
18 short form who file as single or married filing
19 joint filing status and meet certain income
20 criteria. Qualifying taxpayers who choose to claim
21 the optional increased standard deduction must
22 voluntarily forego their federal income tax
23 deduction, credits and exemptions that may
24 otherwise be available. Taxpayers opting to claim
25 the optional increased standard deduction will do
26 so on a simplified short form, provided by the
27 department.

1
2 A BILL
3 TO BE ENTITLED
4 AN ACT
5

6 This bill allows for an optional increased standard
7 deduction to qualifying individual income tax taxpayers who
8 file as single or married filing joint filing status and meet
9 certain income criteria; qualifying taxpayers who chose to
10 take advantage of the optional increased standard deduction
11 will file a simplified short form and will voluntarily forego
12 their federal income tax deduction.

13 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

14 Section 1. This act shall be known as the Individual
15 Income Tax Simplified Short Form Filing Act.

16 Section 2. A new section 40-18-15.7 is hereby added
17 to the Code of Alabama 1975, as follows:

18 "Section 40-18-15.7. Optional increased standard
19 deduction for qualified persons.

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

24 "(1) Alabama gross income of less than one hundred
25 thousand dollars (\$100,000);

26 "(2) zero dollars (\$0) of non-wage income;

1 "(3) has no dependents or is not claiming any
2 expense or deduction associated with any dependents;

3 "(4) does not claim any itemized deductions;

4 "(5) does not claim any adjustments to income as
5 prescribed in Section 40-18-14.2;

6 "(6) does not claim the federal income tax deduction
7 as provided in Section 40-18-15;

8 "(7) does not claim any credits that are available
9 to offset any portion of the tax levied in this Chapter;

10 "(8) is not required to make estimated payments as
11 provided for in Sections 40-18-80;

12 "(9) is not claiming any gain or loss as prescribed
13 in this Chapter.

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

17 "(1) Single persons shall be allowed a standard
18 deduction of two thousand two hundred fifty dollars (\$2,250),
19 or the standard deduction allowed by 40-18-15, whichever is
20 greater.

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

26 "(c) Persons qualifying for the optional increased
27 standard deduction is allowed to claim a personal exemption in

1 accordance with Section 40-18-19. The personal exemption and
2 optional increased standard deduction are the only exemption
3 or deduction that shall be allowed by persons opting to claim
4 the optional increased standard deduction.

5 "(d) Persons qualifying for the optional increased
6 standard deduction must voluntarily forego their right to
7 claim the federal income tax deduction as allowed by Section
8 40-18-15.

9 "(e) Any persons qualifying for the optional
10 increased standard deduction, pursuant to this act, must
11 acknowledge that they are voluntarily foregoing other
12 deductions, credits, and exemptions that may otherwise be
13 available to such persons.

14 "(f) Persons qualifying for and electing to claim
15 the optional increased standard deduction shall file the
16 return on a simplified short form and in a manner prescribed
17 by the Department.

18 Section 3. The department may promulgate rules to
19 assist with the administration of this act.

20 Section 4. All laws or parts of laws which conflict
21 with this act are repealed.

22 Section 5. This act shall become effective for tax
23 years beginning after December 31, 2017, following its passage
24 and approval by the Governor, or upon its otherwise becoming
25 law.