SB342

206855-1

By Senator Elliott

RFD: Finance and Taxation Education

First Read: 04-MAY-20
SYNOPSIS: This bill would provide for an exclusion from Alabama taxation for any federal tax credits, advance refunds, or loan forgiveness resulting from the federal Coronavirus Aid, Relief, and Economic Security Act.

A BILL
TO BE ENTITLED
AN ACT

To provide for an exclusion from Alabama tax for federal tax credits, advance refunds, or loan forgiveness received from the federal Coronavirus Aid, Relief, and Economic Security Act.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. (a) Any tax credits or advance refund amounts received as a result of the federal Coronavirus Aid, Relief, and Economic Security Act shall be excluded from Alabama individual income taxation.
(b) For taxable year 2020, any tax credits or advance refund amounts received as a result of the federal Coronavirus Aid, Relief, and Economic Security Act shall also be excluded from any and all calculations in determining a taxpayer's federal income tax deduction pursuant to Section 40-18-15.

(c) Any amount of a loan forgiven by the provisions of the federal Coronavirus Aid, Relief, and Economic Security Act:

(1) Shall be exempt from the income taxes imposed by Chapter 18 of Title 40 and from financial institution tax imposed by Chapter 16 of Title 40, to the same extent as the amount is exempt from the federal income tax.

(2) Shall not be considered in determining the deductibility of otherwise deductible expenses, such as payroll or rent, allowed to be paid with the exempt funds, to the same extent as the expenses remain deductible in calculating the federal income tax.

(3) Shall not be taken into consideration in the calculation of the taxpayer’s federal income tax deduction allowed under Chapter 18 or Chapter 16 of Title 40.

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