

1 SB386
2 212628-1
3 By Senators Roberts and Orr
4 RFD: Finance and Taxation Education
5 First Read: 08-APR-21

SYNOPSIS: This bill entitles an owner, member,
partner, or shareholder to a credit in an amount
equal to its pro rata or distributive share of the
Alabama income tax paid by the electing
pass-through entity with respect to the
corresponding tax year.

A BILL
TO BE ENTITLED
AN ACT

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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. (a) Notwithstanding any other provision
of Chapters 16 or 18 of Title 40 to the contrary, for tax
years beginning on or after January 1, 2021, any owner,
member, partner, or shareholder of an electing pass-through

1 entity shall report its pro rata or distributive share of the
2 income of the entity in accordance with the provisions of
3 Sections 40-16-4, 40-18-24, 40-18-26, 40-18-27, 40-18-28,
4 40-18-29, and 40-18-39, as applicable.

5 (b) The owner, member, partner, or shareholder of an
6 electing pass-through entity reporting income in accordance
7 with subsection (a) shall be entitled to a credit in an amount
8 equal to its pro rata or distributive share of the Alabama
9 income tax paid by the electing pass-through entity with
10 respect to the corresponding tax year.

11 (c) Any provision of Chapters 16 or 18 of Title 40
12 regarding the liability of an owner, member, partner, or
13 shareholder of electing pass-through entity for tax imposed by
14 Chapters 16 or 18 of this title on their pro rata or
15 distributive share of an electing pass-through entity's income
16 that is in conflict with this act is hereby superseded.

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

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