FORM

EPT

INSTRUCTIONS

INSTRUCTIONS FOR THE PREPARATION OF
ALABAMA DEPARTMENT OF REVENUE
Electing Pass-Through Entity Return

2021

Electing Pass-Through Entity. Alabama Act 2021-1 allows Alabama S-Corporations and Subchapter K entities (pass-through entities or PTEs) to elect to pay Alabama income tax at the entity level. Entities making this election (Electing PTEs) must notify ALDOR by filing Form PTE-E via My Alabama Taxes at any time during the tax year but no later than the 15th day of the third month following the close of that tax year for which the entity elects to be taxed as an Electing PTE. Entities making this election are required to file Form EPT, in addition to Form 65 or Form 20S, and submit estimated tax payments.

Specific Instructions

File the 2021 return for calendar year, fiscal year, or short year that begins in 2021. At the top, right-hand corner of page 1, check the appropriate box indicating a calendar year, fiscal year, or short year return. A **calendar tax year** is 12 consecutive months, beginning January 1 and ending December 31. It is not appropriate for 52/53 week filers. A **fiscal tax year** is 12 consecutive months ending on the last day of any month except December. A **short tax year** is a tax year of less than 12 months. A **52/53 week tax year** is a fiscal tax year that varies from 52 to 53 weeks that ends on a set day of the week but does not have to end on the last day of a month. At the top, left-hand corner of page 1, check all applicable boxes indicating if the return is for a Subchapter K entity, S Corporation, or an Amended Return. Please indicate if the return includes the 2220 AL or if the return is being submitted due to a Federal Audit Change.

Line 1. Enter the total Pass-Through Entity Income apportioned to Alabama. The taxable income used to determine the tax for the Electing Pass-Through is the sum of Nonseparately Stated Income(loss) and deductions plus Separately stated income(loss) and deductions See Schedule EPT-K1, line 14.

Line 2. Enter the amount of Tax Due from Schedule EPT-K1, line 15.

Line 3. Enter the amount of nonrefundable credits from Schedule EPT-C, Section C, column 5.

Line 4. Enter the Net Tax Due. Subtract line 3 from line 2 and enter the difference here.

Line 5a. Enter any overpayment from 2020.

Line 5b. Enter the 2021 estimated tax payments paid.

Line 5c. Enter any extension and WNR-V tax payments.

Line 5d. Enter any Composite/Electing Pass-Through Entity Payments made on behalf of this entity. Include name and FEIN of the entity who paid the payments.

Line 5e. Enter any refundable credits from Schedule EPT-C, Section D, line 3.

Line 5f. Enter the total of all payments/credits. Add lines 5a through 5e and enter the amount here.

Line 6. Enter the amount to be remitted or the overpayment. Subtract line 5f from line 4 and enter the amount here.

Line 7a. Enter any overpayment to be credited to your 2022 return.

Line 7b. Enter the sum of the penalty boxes(late payment esti-mate penalty and other penalty). Late Payment Estimate (Form 2220AL) – Enter amount from Form 2220AL, Part II, line 4a. Estimated tax payments not paid by each quarterly due date will be subject to an underpayment penalty – determined by applying the underpayment rate established by 26 U.S.C. §6621 (as provided by Alabama Code Section 40-18-80.1) to the underpayment for the period of underpayment. In addition, the 10% penalty provided for in Alabama Code Section 40-2A-11 applies to estimated tax payments not paid by the quarterly due date. Must be completed if taxpayer utilizes Form 2220AL, as an alternative method to compute penalty and interest, as a result of underpayment of estimated tax. If estimate penalty is not calculated, estimate penalty will be calculated based on equal quarterly installments. Other (Penalty on Tax) If the return is not filed on or before the due date (with extensions), enter a delinquent penalty of 10% of the tax due or $50, whichever is greater. Taxes not paid by the original due date will be subject to a late payment penalty of 1% per month for each month or fraction thereof that the tax remains unpaid, up to 25%, as provided in §40-2A-1.

Line 7c. Enter the sum of interest boxes (estimate interest and interest on tax). Estimate Interest (Form 2220AL) Enter amount from Form 2220AL, Part II, line 4b. Estimated tax payments not paid by each quarterly due date will be subject to interest on the underpayment – determined by applying the underpayment rate established by 26 U.S.C. §6621 (as provided by Alabama Code Section 40-18-80.1) to the underpayment for the period of underpayment. Must be completed if taxpayer utilizes Form 2220AL, as an alternative method to compute penalty and interest, as a result of underpayment of estimated tax. If estimate penalty is not calculated, estimate penalty will be calculated based on equal quarterly installments. Interest on Tax Enter the amount of interest due on the balance of tax due, computed from the due date (without extensions) of this return to the date paid. The Alabama interest rate is the same as provided in 26 U.S.C. §6621.

Line 7d. Enter the total of all reductions. Add lines 7a,7b, and 7c.

Line 8. Enter the total amount due or refund due. Add line 6 plus line 7d.

Mail returns to:

Alabama Department of Revenue
Income tax Administration Division
Pass-Through Entity Section
P. O. Box 327444
Montgomery, AL 36132