

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 ADOR 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.

Business entities must apply through My Alabama Taxes (MAT) at www.myalabamataxes.alabama.gov and receive approval before some credits are claimed on Schedule EPT-C. Once logged into MAT, a taxpayer will need to locate the Pass Through Entity Tax as their account type then select "Submit a Credit Claim" and follow a short series of instructions/steps to claim a credit. Any supporting documentation for the credit certificate is required to be attached in MAT. The process of "Submitting a Claim" through MAT must be completed to allow the recipients a credit claim. Taxpayers needing assistance with signing up for a My Alabama Taxes Account or with reserving a tax credit may call (334) 242-1170 Option 6.

Negative numbers. Enter all negative numbers with the negative sign. Do not use parenthesis when entering negative numbers. This does not pertain to those fields with the parenthesis '(')' displayed on the form.

Section A – Current Tax Year Liability

Enter the tax due from Form EPT, page 1, line 2.

Section B – Current Year Credits

Part A – 2017 Alabama Historic Rehabilitation Tax Credit (MAT Approval Required)

Act 2017-380 provides a refundable income tax credit against the tax liability of the taxpayer for the rehabilitation, preservation, and development of historic structures. The credit is equal to 25% of the qualified rehabilitation expenditures for certified historic structures. No tax credit claimed for any certified rehabilitation may exceed \$5,000,000 for all allowable property types except a certified historic residential structure, and \$50,000 for a certified historic residential structure. The entire credit must be claimed by the taxpayer in the taxable year in which the certified rehabilitation is placed in service. This credit is refundable and transferable but cannot be carried forward. Any tax credits granted to or transferred to a pass-through entity shall be claimed at the entity level.

Line 1a-1c. Enter the Project Number(s), the date the project(s) were placed in service, and the credit amount of each project.

Line 2. Credit Allowable. Enter the sum of all project credits. Enter here and on Section C, Part A, Column 3.

Part B – Railroad Modernization Act of 2019 (MAT Approval Required)

Section 37-11C-4 of the Code of Alabama provides for a refundable tax credit equal to 50 percent of an eligible taxpayer's qualified railroad rehabilitation expenditures.

The Alabama Department of Commerce is the administering agency for the Rail Credit. For more information regarding eligibility and qualifications, please contact incentives@commerce.alabama.gov or 334-242-0400.

Line 1a-1c. Check applicable box for Department of Commerce Certificate or Transfer Credit Certificate received. If Transfer Credit Certificate was received, the taxpayer is not eligible for the refundable credit.

Line 2. Credit Allowable. Enter the amount of credit reported on the Department of Commerce certificate. Enter here and on Section C, Part B, Column 3.

Section C – Current Credit Summary

For each credit available for utilization, repeat the steps on each line by row until all available current year credits have been used or no tax remains to be offset.

Column 1. Type of Credit generated.

Column 2. For applicable credits, enter the Credit Available from Section B.

Column 3. Enter the amount of credit allowable generated by the Electing Pass-Through Entity from Section B.

Column 4. Enter the amount of the remaining tax to be offset.

Column 5. Enter the amount of the current credit utilized to offset the remaining tax due.

Column 6. Subtract Column 5 amount from Column 4 amount.

Column 7. Subtract Column 5 amount from Column 3 amount.

Column 8. For applicable credits, subtract Column 3 amount from Column 2 amount and add the difference to Column 7 amount.

Section D – Total Refundable Credits

Line 1. Enter the refundable amount of 2017 Alabama Historic Rehabilitation Tax Credit from Section C, Part A, Column 7 here and on Form 41, line 8f.

Line 2. If Section B, Part B, line 1a is checked, enter the refundable amount of Railroad Modernization Act of 2019 from Section C, Part B, Column 7.

Line 3. Add lines 1 and 2. Enter the results here and on Form EPT, page 1, line 5e.