

Alabama taxpayers have until April 17 to file 2006 tax return

MONTGOMERY—The Alabama Department of Revenue (ADOR) announced this week that Alabama taxpayers will have until Tuesday, April 17, 2007, to file their 2006 Alabama returns and pay any tax due. State Revenue Commissioner Tom Surtees authorized the extra filing and payment time to allow the 2006 Alabama return filing and payment deadline date to coincide with the recently-announced April 17, 2007, federal tax-

filing and payment deadline date.

The April 17, 2007, deadline will apply to the following:

- 2006 Alabama individual income tax returns, whether filed electronically or on paper.
- Requests for an automatic six-month tax-filing extension, whether submitted electronically or on a paper Form 4868A.
- Individual estimated tax returns and payments for the first

quarter of 2007 (Form 40ES).

• Any other Alabama income, financial institution excise, or business privilege tax returns, administered by the ADOR, having an April 15, 2007, filing and payment deadline date.

For information concerning any federal returns affected by the April 17 filing deadline date, taxpayers are encouraged to visit the IRS Web site at www.irs.gov.

Tax changes for 2007

MONTGOMERY — As W-2s, 1099s, and other financial statements are being distributed to taxpayers this month, the Alabama Department of Revenue offers the following tax-filing reminders and tips on what's new for 2007.

Exemption of death benefits for beneficiaries of peace officers or firemen

Death benefits received by a beneficiary of a peace officer or fireman killed in the line of duty, or whose death results from a heart attack or stroke caused by participating in a non-routine, stressful activity, suffered either while on duty or within 24 hours of the activity, are exempt from Alabama income tax.

More choices available for refund donation check-offs

Three new refund donation check-offs have been added to the Alabama return this year. They are the Alabama Organ Center Donor Awareness Fund, Alabama National Guard Foundation, Inc., and the Cancer Research Institute. Taxpayers will use a separate Alabama tax schedule to designate a portion or all of their Alabama refund to their favorite check-off, if they choose to do so.

Alabama Higher Education 529 Fund: Qualified withdrawals or distributions from the Alabama-sponsored qualified college savings program are now exempt from Alabama income tax.

2007 Withholding Tables

Recent changes in Alabama's income tax laws concerning dependent exemptions, standard deductions, and filing thresholds affect the amount of income tax withheld from an employee's wages or salaries beginning Jan. 1, 2007, but do not affect deductions or exemptions claimed on taxpayers' 2006 individual income tax returns filed this year. These changes will be reflected on the 2007 tax year return filed in 2008.

Important Reminders

Gulf Opportunity Zone Act (Go Zone) Act of 2005:

For individuals, Alabama tax law complies with the federal changes concerning: Bonus Depreciation, Section 179 Expense Deduction, Charitable Contribution 50% AGI Limitation, Casualty Loss \$100 Floor and 10% AGI Floor, Replacement Period for Involuntary Conversions, Demolition and Cleanup Costs, and Environmental Remediation Costs. Alabama counties covered under the GO Zone Act include: Baldwin, Choctaw, Clarke, Greene, Hale, Marengo, Mobile, Pickens, Sumter, Tuscaloosa, and Washington.

Federal deduction for educator expenses: Alabama does not allow a state tax deduction for



Photo courtesy googleimages.com

Income tax return got you frazzled? This page contains some helpful information to help you get through this tax filing season.

educators' qualified out-of-pocket expenses for books and classroom supplies.

Consumer Use Tax Reporting Line Item:

Taxpayers who purchased items online or through catalog or mail-order or sales during 2006 and did not pay any sales or use tax to the out-of-state retailer are able to report and pay the Alabama consumer use tax due when filing their 2006 tax year returns.

April 16 Filing Date

Returns are due April 16 this year because the traditional deadline date of April 15 falls on a Sunday. The due date is automatically moved to the next business day—Monday, April 16, 2007.

Six-Month extensions available

Alabama taxpayers who find that they will not be able to meet the April 16 filing deadline date should file an Alabama Form 4868A, Application for Extension. The extension period is a single six-month period. Alabama extensions can be filed electronically through the department's Web site. Bulk filing is available for tax preparers.

FORM 40V—Payment Voucher

Taxpayers owing additional Alabama tax should complete a FORM 40V and include it along with their checks or money orders. (Taxpayers should not complete a FORM 40V if they pay their taxes by credit card.) Complete a FORM 40V for both paper-filed and electronically-filed returns. The Form 40V will be used by the department to identify the taxpayer's payment by check or money order, apply it, and match it to the taxpayer's return for processing.

Choose your preparer carefully

The ADOR cautions taxpayers to be wary of claims by preparers offering larger refunds than other preparers. Take time to check out the preparer's credentials. While most preparers provide excellent service to their clients, it is important to be aware that even if someone else

prepares the return, the taxpayer is ultimately responsible for all of the information reported on his or her return. The department urges taxpayers to never file a blank return and always review the return before signing it. Question any item shown on the return that you do not understand.

E-file—It's easy, quick and guarantees a quicker refund.

Alabama's e-file program is underway. More than 1 million Alabamians electronically filed their tax returns last year. E-file is a safe, secure method of filing one's tax return and guarantees a quicker turnaround time on refund processing than traditional paper returns. Further, taxpayers who meet certain eligibility requirements may be able to e-file their state and federal returns free-of-charge. For more information concerning eligibility requirements and a listing of online service providers offering free filing programs, visit the department's Web site at www.revenue.alabama.gov or the I.R.S. site at www.irs.gov.

Direct Deposit

Taxpayers due a refund may have their refunds direct deposited into their checking or savings accounts. Direct deposit is available to taxpayers filing refund electronic and computer-generated returns. Last year, 367,194 Alabama taxpayers opted to have their state income tax refunds direct-deposited into their accounts.

Consider E-Check

Taxpayers owing additional taxes can pay their state taxes electronically by authorizing an electronic funds withdrawal from their checking or savings accounts. Electronic funds withdrawal is free, and the taxpayer decides when the tax payment is scheduled for withdrawal from his or her bank account by calling the state's service providers, Official Payments Corporation at 1-800-2PAY-TAX or Link2Gov at 1-866-9PAY-TAX or by registering online at www.revenue.alabama.gov.

Senate adopts Sessions's amendment on earned income tax credit study

WASHINGTON—The Senate Tuesday adopted by unanimous consent an amendment offered by U.S. Sen. Jeff Sessions (R-AL) that mandates the U.S. Treasury Department to study the impact of potential changes to the existing earned income tax credit (EITC). Under the amendment to the Senate minimum wage bill, the Secretary of the Treasury must report to Congress on the costs and barriers to workers and

businesses if the EITC is administered to all beneficiaries through their workplaces.

Under current law, eligible workers have the option of receiving EITC payments through their employers or in an annual lump sum, although most choose the lump sum. Sessions asserts that providing the EITC to eligible workers through their regular paychecks rather than in a lump sum would provide more incentive to

continue working and increase wages by nearly \$1 per hour.

"I believe that tying the EITC to the paycheck of all beneficiaries would put money immediately in the pockets of low-paid, working Americans, helping them meet their most pressing needs," Sessions said.

The Senate is currently debating its minimum wage proposal, and a vote could come later this week.

UWA offers tax assistance

LIVINGSTON —The University of West Alabama and the Greene/Sumter Enterprise Community, Inc. is offering free income tax help through the Volunteer Income Tax Assistance Program (VITA), sponsored by the IRS. Through this program, UWA students and faculty will interview clients and prepare individual

state and federal income tax returns. VITA is designed to help individuals with disabilities or with a low or limited income, as well as non-English speaking and elderly taxpayers.

The VITA clinic offers tax return preparation services every Tuesday from 2-4 p.m. and every Thursday from 4-6 p.m. until April 17. Assistance

is also available by appointment. The VITA clinic is in Wallace Hall, Room 212 on the UWA campus.

Taxpayers need to bring social security cards W-2 and 1099 forms, information for deductions/credits and a copy of last year's tax return.

For more information call the VITA clinic at (205) 652-3846.

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\$2,500 Minimum Deposit

1.25%^{APY}

\$10,000 Minimum Deposit

1.75%^{APY}

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MONEY MARKET PLUS CHECKING ACCOUNT: Monthly service charge: \$10.00, if balance drops below \$10,000.00. Interest will be compounded and credited: Monthly, Interest Computation Method: Daily Balance, which is determined by the application on a daily periodic rate to the full amount of principal in the account each day. On non-cash items, interest will begin to accrue on the next business day. If you close your account before interest is credited you will receive the accrued interest. Your interest rate and annual percentage yield may change. At our discretion, we may change the interest rate on your account at any time. Check for check printing rates depending on the style of check ordered. Withdrawal/transfer charge of \$1.00 for each withdrawal/transfer over 6 per statement cycle. Only 3 of the withdrawal/transfers may be payments to third parties.




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Farmers Financial Solutions, LLC
30801 Agoura Road, Bldg. 1,
Agoura Hills, CA 91301
(818) 584-0200 Member NASD

(205) 459-2380
106 S. Mulberry Ave.
Butler, AL 36904