2017 Code of Alabama
Title 40 - REVENUE AND TAXATION.
Chapter 18 - INCOME TAXES.
Article 1 - General Provisions.
Section 40-18-1.1 - Operating rules.

Universal Citation: AL Code § 40-18-1.1 (2017)

<u>**Section 40-18-1.1**</u>

Operating rules.

(a) For purposes of this chapter, the statement that gain, loss, income, basis, earnings and profits, or any other item shall be determined in accordance with a specified section or sections of Title 26 United States Code (26 U.S.C.) or a specified federal public law (Pub. L. or P.L.) means that the principles set forth in such specified section or sections and the computations required by such section or sections shall be applied for purposes of this chapter, but shall be applied to the amounts of gain, loss, income, basis, earnings, and profits or other items determined for purposes of this chapter and not to such items for federal income tax purposes.

(b) The Legislature hereby finds and declares that the adoption by this state for its personal and corporate income tax purposes of certain provisions of the laws of the United States relating to the determination of income for federal income tax purposes will (1) simplify preparation of state income tax returns by taxpayers, (2) improve enforcement of the state income tax laws through better use of information obtained from federal income tax audits, and (3) aid the interpretation of the state tax laws through increased use of federal judicial and administrative determinations and precedents. The Legislature does therefore declare that the amendments to this section are intended to accomplish the foregoing purposes. Accordingly, for the purposes of this chapter, the term "26 U.S.C." means the Internal Revenue Code, Title 26 of the United States Code, as in effect from time to time.

(c) The Department of Revenue shall have the authority to prescribe rules and regulations necessary to implement the principles stated above in the enforcement of this chapter.

(Acts 1985, No. 85-515, §5; Acts 1990, No. 90-583, p. 988, §2.)