

COURTLAND W. RICHARDS
909 HALLS LANE
DAPHNE, AL 36526,

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§

STATE OF ALABAMA
DEPARTMENT OF REVENUE
ADMINISTRATIVE LAW DIVISION

Taxpayer,

§

DOCKET NO. INC. 10-1133

v.

§

STATE OF ALABAMA
DEPARTMENT OF REVENUE.

§

FINAL ORDER

The Revenue Department assessed Courtland W. Richards (“Taxpayer”) for 2007 Alabama income tax. The Taxpayer appealed to the Administrative Law Division pursuant to Code of Ala. 1975, §40-2A-7(b)(5)a. A hearing was conducted on March 24, 2011. The Taxpayer attended the hearing. Assistant Counsel Duncan Crow represented the Department.

The Department received IRS information showing that the Taxpayer resided in Alabama in 2007 and received income sufficient to require him to file an Alabama return for that year. The Department records showed that the Taxpayer had not filed a return for the year. It contacted the Taxpayer concerning the 2007 return. The Taxpayer responded by filing 1999 through 2009 returns in September 2010. The returns were all “zero” returns. That is, the returns included all entries as \$0. The Taxpayer also submitted “corrected” 1099-MISC forms for the year with the returns showing “0” nonemployee compensation. The Department subsequently entered the final assessment in issue based on the IRS income information.

The Taxpayer lives in Alabama and earned income in 2007 as a freelance photographer. The Taxpayer does not dispute that he received income from his customers

in 2007.¹ Rather, he claims that “I am not a Federal Person, a federal employee, a citizen of Washington, D.C. or any federal territories, or an officer of any corporation having federal contracts. Only those person are subject to the laws of the Internal Revenue Code and its relevant statutes.” See September 1, 2010 letter to Income Tax Chief Richard Henninger. The Taxpayer further states in the above letter, at 2, that “[p]ay for work is outside the scope of the Internal Revenue Code and relevant Alabama tax law.”

The Taxpayer was subject to Alabama tax in 2007, and his income as a photographer constituted taxable Alabama income.

The Taxpayer is a “taxpayer” under Alabama law, and was also subject to and is liable for Alabama income tax for the subject year. “Taxpayer” is defined by the Alabama Revenue Code, Title 40, Code 1975, as “[e]very person subject to a tax imposed by this chapter. . . .” Code of Ala. 1975, §40-18-1(19). Code of Ala. 1975, §40-18-2 levies an income tax on certain individuals and entities, including “[e]very individual residing in Alabama.” Section 40-18-2(1). The Taxpayer does not dispute that he resided in Alabama in 2007. The Taxpayer was thus a taxpayer subject to Alabama income tax on his Alabama-sourced income.

“Gross income” for Alabama income tax purposes includes “gains, profits and income derived from salaries, wages, or compensation for personal services of whatever kind. . . .” Code of Ala. 1975, §40-18-14(1). The Taxpayer’s compensation for his photographic services thus constituted gross income under Alabama law.

¹ The IRS information shows that the Taxpayer received income from fourteen different sources in the year.

The final assessment is affirmed. Judgment is entered against the Taxpayer for 2007 tax, penalties, and interest of \$3,021.54. Additional interest is also due from the date the final assessment was entered, October 25, 2010.

This Final Order may be appealed to circuit court within 30 days pursuant to Code of Ala. 1975, §40-2A-9(g).

Entered March 30, 2011.

BILL THOMPSON
Chief Administrative Law Judge

bt:dr

cc: Duncan R. Crow, Esq.
Courtland W. Richards
Stoney Trammell