

## ALABAMA TAX TRIBUNAL

CANDACE CORLEY,	§	
Taxpayer,	§	DOCKET NO. INC. 24-0835-JP
v.	§	
STATE OF ALABAMA	§	
DEPARTMENT OF REVENUE.		

## OPINION AND FINAL ORDER

The Taxpayer challenges the entry by the Alabama Department of Revenue of a final assessment of individual income tax for the year 2021. Specifically, the Taxpayer states that she was not an Alabama resident during the year in issue and that she worked remotely from her home in Florida. The Revenue Department contents that the Taxpayer owes income tax to the State of Alabama because she worked, albeit remotely, for a company located in Alabama that provided payroll services to businesses that operated in this state during the tax year.

A trial was held by video on July 22, 2025, during which the Taxpayer testified. The Revenue Department was represented during the trial by Ms. Stephanie Berger, and Ms. LaShena Davis testified for the Revenue Department. The facts disclosed at trial seem to be undisputed.

### Facts

Employers' Administrative Services, which employed the Taxpayer, issued a Form W-2 concerning the Taxpayer for the 2021 year. On that form, the company reported certain income of the Taxpayer as Alabama-sourced income. At trial, the Taxpayer acknowledged being employed by the company but stated that she did not

live in Alabama during 2021 and never traveled to Alabama for work during that year.

Nonetheless, the Revenue Department argued that the Taxpayer was liable for 2021 Alabama income tax because she received income from transacting business in this state during 2021. In support, the Revenue Department relies on Ala. Code § 40-18-2(a)(6), which states that Alabama's individual income tax is levied on "[e]very nonresident individual receiving income from property owned or business transacted in Alabama." Further, the Revenue Department cites Ala. Admin. Code r. 810-3-2-.01(3), which reiterates that nonresidents "receiving taxable income from property owned or business transacted (including wages for personal services) within Alabama are taxable on such income..."

When questioned by the Tribunal, the Revenue Department's representative argued that the Taxpayer's work on her computer in Florida, by which she assisted Alabama companies such as small law firms with their payroll, constituted personal services rendered in Alabama. In other words, according to the Department, the Taxpayer accessed computer files, payroll systems, and software that allowed the Alabama companies to administer their payroll in this state.

In reply, the Taxpayer testified that she actually performed work for a company in Florida during 2021. She stated that she is an insurance adjuster and that she did not perform any payroll or accounting duties during that year. Instead, the Taxpayer testified that "the work that I was working on was for insureds in Florida for a company in Florida. Slide Insurance was the insurance company." And

she confirmed that she performed this work during the entire year in issue, 2021. Apparently, Employers' Administrative Services is a subsidiary of a company called EP Claims Services. And Slide Insurance contracted with EP Claims Services to provide Slide Insurance with a sufficient number of adjusters to assist with claims filed by policy holders following catastrophic events. The Taxpayer handled the entire claims process for some policy holders insured by Slide Insurance, and she did so as a "desk adjuster," and not as a "field adjuster." She would review photographs and a field report of damage and compare those with an insured's policy to determine the correct amount of damages due to the policy holder.

The Taxpayer also testified that Employers' Administrative Services corrected the state designation on her Form W-2 for the 2022 year after this issue arose with the Alabama Department of Revenue. And the Taxpayer filed an income tax return with the State of Alabama for the 2021 year, but only to recover income tax that had been withheld by her employer.

The facts testified to by the Taxpayer show that the income earned by her during 2021 was not the result of "business transacted in Alabama." Therefore, the final assessment in issue is declared void.

The Revenue Department should consider the Taxpayer's refund petition concerning the withholding of Alabama income tax during 2021 accordingly.

It is so ordered.

This Final Order may be appealed to circuit court within 30 days, pursuant to Ala. Code § 40-2B-2(m).

Entered August 14, 2025.

/s/ Jeff Patterson  
JEFF PATTERSON  
Chief Judge  
Alabama Tax Tribunal

jp:ml

cc: Candace Corley  
Stephanie Berger, Esq.