ALABAMA TAX TRIBUNAL

CHARLOTTE Y. WATSON,	§	
Taxpayer,	§	DOCKET NO. INC. 24-0499-LP
v.	§	
STATE OF ALABAMA DEPARTMENT OF REVENUE.	§	

OPINION AND PRELIMINARY ORDER

This appeal involves the entry by the Alabama Department of Revenue of a final assessment of income tax for 2019. The case came before the Tax Tribunal for a hearing before Judge Jeff Patterson, held via videoconference, on August 19, 2025. Pamela Blocton and Ralph Clements represented the Revenue Department. The Taxpayer appeared and testified and was represented by Vickie Smith.

Facts

At the hearing, Ralph Clements, associate counsel for the Revenue Department, stated that the main issue in the case was whether the Taxpayer was domiciled in Alabama for the 2019 tax year. He stated that the Taxpayer had submitted certain documentation, including a lease for a home in Texas and a Texas driver's license, that indicated she resided in Texas in 2019. But he also stated that she did not submit any dispositive evidence that she abandoned Alabama or indicated an intent to remain in Texas indefinitely.

Pamela Blocton, an examiner for the Revenue Department, stated that the Taxpayer filed Alabama resident returns for tax years 2016, 2017, and 2023. However, the Department also received information that the Taxpayer earned Alabama-sourced income in tax years 2018 through 2022, which included the year at issue – 2019. The Revenue Department contended that the Taxpayer was domiciled in Alabama during the 2019 tax year and was therefore subject to individual income tax in Alabama.

Ms. Watson argued that she did not owe taxes in Alabama for most of tax year 2019 because she resided and worked in Texas at the time.

Ms. Watson testified that she was born in Alabama. She moved to Texas in 1986 to seek job opportunities. She lived and worked in Texas for around 40 years, obtaining a Texas driver's license and voting registration during that time. Ms. Watson also testified that she bought a home, married, and raised her son while living in Texas. She resided and worked in Texas until 2015, when she moved back to Alabama to take care of her ailing father. In 2018, the Taxpayer worked in Alabama for TEKsystems in Birmingham. TEKsystems was a third-party contractor for BBVA. In April of 2018, the Taxpayer returned to Texas because her son was seriously injured in a car accident. She testified that her employer relocated her from Birmingham to Texas in November of 2018. Ms. Watson testified that she moved back to Alabama in September 2019 to care for her ailing parents after her mother had a stroke. She stated that she did not know how long she would stay in Alabama because her son was still very ill. She currently resides in Texas, where she testified that she has made a "home" over the last forty years and where her son and grandchildren live.

After the hearing, the Taxpayer submitted documents supporting her residency in Texas for most of 2019. However, as the Department stated in its Answer to that submission, the Taxpayer's residency is not at issue. Her domicile is. As discussed herein, a person can be domiciled in Alabama while residing elsewhere.

Analysis

> "Alabama income tax is levied on individuals residing in Alabama, Code of Ala. 1975, §40-18-2(1), and also on individuals residing and earning income outside of Alabama that are domiciled in Alabama. Code of Ala. 1975, §40-18-2(7). Simply put, Alabama law provides that a taxpayer domiciled in Alabama is liable for Alabama tax on income earned in the year, regardless of where the taxpayer resided or where the income was earned. A persons' domicile is his true, fixed home to which he intends to return when absent. *Whetstone v. State*, 434 So. 2d 796 (Ala. 1983). Once Alabama is established as a person's domicile, that domicile is presumed to exist until a new one is acquired. *Id.* To change domicile from Alabama, a taxpayer must abandon Alabama and also establish a new domicile elsewhere with the intent to remain permanently, or at least indefinitely. *Id.* … The burden is on a taxpayer asserting a change of domicile to prove that a change of domicile has occurred. *Rabren v. Baxter*, 239 So. 2d 206 (1970)."

David A. Werner v. State of Ala. Dep't of Rev., Inc. 18-1009-LP (Ala. Tax Tribunal, 5/9/19).

Here, the Taxpayer was originally domiciled in Alabama when she was born. The Taxpayer moved to Texas in 1986 and resided there until 2015. She moved back to Alabama to take care of her ailing parents in 2015. She lived and worked in Alabama for the following three years. When her son was injured in Texas, she moved back to Texas to take care of him. Her employer transferred her employment to a position in Texas.

After she moved back to Alabama in 2019 to care for her parents, she testified that she obtained an Alabama driver's license.

The Tax Tribunal addressed similar facts in the case *Dunn v. State of Alabama*, Docket Inc. 18-1064-LP (T.T. 6/12/2019). In that case, "[t]he Taxpayer maintained no ties to Alabama other than family and the driver's license, and it is well settled that the fact that a Taxpayer has family in Alabama has little or no bearing on whether the person is domiciled in Alabama. *Marsh v. State of Alabama*, Docket Inc. 17-963-CE (T.T. 8/14/2018); *Killingsworth v. State of Alabama*, Docket Inc. 14-804 (T.T. 1/9/2015)." The Taxpayer testified that she considered her home to be in Texas and that she only moved to Alabama to care for her parents. She continued to travel to Texas while living in Alabama, and in fact lives in Texas now. Her child and grandchildren reside in Texas, and she has made a life there over the last forty years.

Based on the foregoing, I conclude that the Taxpayer was not domiciled in Alabama in 2019. However, the Taxpayer does owe 2019 Alabama income tax on the income she earned once she moved to Alabama in September of 2019. The **Department** is directed to recalculate the final assessment accordingly and to submit such calculation to the Tax Tribunal by **August 21, 2026.**

Entered July 31, 2026.

/s/ Leslie H. Pitman
LESLIE H. PITMAN
Chief Judge
Alabama Tax Tribunal

lhp:ka
cc: Charlotte Y. Watson
Vickie T. Smith
Ryan N. Corley, Esq.