ALABAMA TAX TRIBUNAL

BENJAMIN J. WATSON,	§	
Taxpayer,	§	DOCKET NO. INC. 25-0358-RC
v.	§	
STATE OF ALABAMA DEPARTMENT OF REVENUE.	§	

OPINION AND FINAL ORDER

This appeal involves the entry by the Alabama Department of Revenue (the "Department") of final assessments of income tax for 2015 through 2018 against Benjamin J. Watson (the "Taxpayer"). The Department entered each of the disputed final assessments on April 14, 2025, for various amounts of tax, interest, and penalties for late payment, late filing, and underpayment. The Taxpayer appealed those final assessments to this Tribunal in a timely manner. In response to several preliminary orders, the Taxpayer provided additional documents he alleges support his claims. The Tribunal held a hearing in person in Mobile, Alabama, on November 6, 2026, at 1:00 PM. The Taxpayer represented himself and testified. The Department was represented by David M. Folmar, Esq., and Renee Bishop, a Department employee, appeared and testified.

Ms. Bishop testified that the Department first became aware of the Taxpayer when the IRS shared information with the Department showing that the Taxpayer had Alabama income tax withheld from his wages for each of the years in question, but the Department had not received an Alabama income tax return from the Taxpayer for any

of those years. Consequently, the Department estimated the Taxpayer's income tax due using "the most accurate and complete information reasonably obtainable…," (namely, the IRS information), as permitted by ALA. CODE (1975), § 40-7A-7(b)(1)a.

This is not, as it first appears, a domicile case. During the years in question, the Taxpayer lived and worked in northwest Florida. He served in the Alabama Army National Guard as a technician, but his duties were entirely at Eglin Air Force Base near Destin, Florida, and the Taxpayer resided in Crestview, Florida. Before moving to Florida, the Taxpayer had lived in California and Pennsylvania but had never lived in Alabama. His only contacts with Alabama were occasional meetings at his Army National Guard unit's headquarters in Anniston, Alabama. The Taxpayer believes his employer erred in: (A) reporting his wages as taxable in Alabama; and (B) paying withholding tax to the Department, because his position as an out-of-state employee was unique. All or almost all his colleagues were domiciled in Alabama or worked in Alabama or both. Thus, he believes his employer's actions in treating him the same way as his colleagues were inadvertent. The Taxpayer testified that he did not know that his employer was in error and was not prompted to fix the issue as Florida has no personal income tax that would have conflicted with Alabama's on the same income.

The Tribunal entered several preliminary orders forwarding the Taxpayer's documentation to the Department for review and response. These documents included a printout from the Florida Department of Highway Safety and Motor Vehicles, showing that the Taxpayer had a Florida drivers' license during the years in question. They included a certified copy of the Taxpayer's voter registration in Okaloosa County,

Florida. They included copies of evaluation reports completed by his superiors, indicating that his duties at this time were in either Florida or in Guantanamo Bay, Cuba, at the United States Navy base there. The Department's consistent response to these orders was to request a corrected IRS Form W-2 (a W-2C) from the Taxpayer's employer (in this case, the issuing agency is DFAS, the Defense Finance Accounting Service). The Taxpayer explained that he had contacted DFAS but had been unable to get DFAS to cooperate with him in issuing a Form W-2C.

This is the second case in recent months[1] where a bit of discretion on the part of Department employees could have prevented wasted time and resources for the Department, the Tribunal, and the Taxpayer, and not a little stress and anxiety for the Taxpayer too. The Department's robotic insistence that the only document it would accept is a Form W-2C, despite all the Taxpayer's other information, reveals certain elements of the Department appear to conflate producing the correct form with achieving the correct answer. To the extent the Department continues to reflexively ignore relevant and convincing Taxpayer submissions in favor of dogmatic insistence on particular forms or documents (particularly where, as here, the Taxpayer makes a good-faith effort to acquire the requested document but fails for reasons outside the Taxpayer's control), the Department will continue to lose cases.

The Taxpayer demonstrated that he was not and is not domiciled in Alabama and had no Alabama-sourced income. As such, he owed no Alabama income tax. The years in question are too far in the past for this Tribunal to order a refund of the

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[1] *See* Mia R. Dillard v. Alabama Dep't of Rev., Ala. Tax Trib., dkt. no. INC. 26-0017-RC (Sept. 15, 2026).

Alabama income taxes that were wrongly withheld from his wages, but it can find that the final assessments the Taxpayer complained of are invalid.

The Department's Final Assessments for 2015 through 2018 entered on April 14, 2025, are hereby VOIDED in their entirety.

This Opinion and Final Order may be appealed to circuit court within 30 days, pursuant to ALA. CODE (1975), § 40-2B-2(m).

Entered November 12, 2026.

/s/ *Ralph M. Clements, III*
RALPH M. CLEMENTS, III
Associate Judge
Alabama Tax Tribunal

cc: Benjamin J. Watson
David M. Folmar, Esq.