

## Title:

<b>Payroll Alabama, Unique Aspects of Alabama Payroll Law and Practice</b>

## Word Count:

760

## Summary:

Alabama payroll has some unique aspects and conditions. Some of the details and laws are set out in this article including information on: tax withholding and reporting; unemployment insurance taxes and reporting; wage and hour laws; and child support withholding.

## Keywords:

Payroll Alabama, Alabama payroll, payroll, payroll taxes, payroll withholding, payroll service

## Article Body:

<b>The Alabama State Agency that oversees the collection and reporting of State income taxes deducted from payroll checks is:</b>

Department of Revenue  
Income Tax Division  
Withholding Tax Section  
50 North Ripley St.  
P.O. Box 327480  
Montgomery, Alabama 36132-7480  
334-242-1300  
[www.ador.state.al.us/withholding/index.html](http://www.ador.state.al.us/withholding/index.html)

Alabama requires that you use Alabama form "A-4, Employee's Withholding Exemption Certificate" instead of a Federal W-4 Form for Alabama State Income Tax Withholding.

Not all states allow salary reductions made under Section 125 cafeteria plans or 401(k) to be treated in the same manner as the IRS code allows. In Alabama cafeteria plans: are not taxable for income tax calculation; are taxable for unemployment insurance purposes. 401(k) plan deferrals are: not taxable for income taxes; are not taxable for unemployment purposes.

In Alabama supplemental wages are taxed at a 5% flat rate.

You may file your Alabama State W-2s by magnetic media if you choose to.

<b>The Alabama State Unemployment Insurance Agency is:</b>

The Department of Industrial Relations  
649 Monroe Street  
Montgomery, Alabama 36131  
334-242-8990  
www.dir.state.al.us/

The State of Alabama taxable wage base for unemployment purposes is wages up to \$8000.00.

Alabama requires Magnetic media reporting of quarterly wage reporting if the employer has at least 250 employees that they are reporting that quarter.

Unemployment records must be retained in Alabama for a minimum period of five years. This information generally includes: name; social security number; dates of hire, rehire and termination; wages by period; payroll pay periods and pay dates; date and circumstances of termination.

<b>The Alabama State Agency charged with enforcing the state wage and hour laws is:</b>

The Department of Industrial Relations  
649 Monroe Street  
Montgomery, Alabama 36131  
334-242-8990  
www.dir.state.al.us/

There is no provision for minimum wage in the State of Alabama.

There is also no general provision in Alabama State Law covering paying overtime in a non-FLSA covered employer.

Alabama State new hire reporting requirements are that every employer must report every new hire, rehire and recall. The employer must report the federally required elements of:

- <li>Employee's name</li>
- <li>Employee's address</li>
- <li>Employee's social security number</li>

<li>Employer's name</li>

<li>Employers address</li>

<li>Employer's Federal Employer Identification Number (EIN) </li></ul>

This information must be reported within 7 days of the hiring or rehiring. The information can be sent as a W4 or equivalent by mail, fax or electronically.

There is a \$25.00 penalty for a late report in Alabama.

The Alabama new hire reporting agency can be reached at 334-353-8491 or on the web at [www.dir.state.al.us/nh.htm](http://www.dir.state.al.us/nh.htm) .

Alabama does allow compulsory direct deposit but the employee's choice of financial institution must meet federal Regulation E regarding choice of financial institutions.

Alabama has no State Wage and Hour Law provisions concerning pay stub information.

In Alabama there are no statutory requirements concerning pay frequency or the lag between when the lag time between when the services are performed and when the employee must be paid.

Nor for that matter does Alabama have legal provisions concerning when a terminated employee, voluntary or involuntary, must be paid.

Deceased employee's wages must be paid when normally due to the surviving spouse or custodian of minor children.

Escheat laws in Alabama require that unclaimed wages be paid over to the state after one year.

There is no provision in Alabama law concerning record retention of abandoned wage records.

There is no provision in Alabama law concerning tip credits against State minimum wage.

In Alabama the payroll laws covering mandatory rest or meal breaks are only that: minors under 16 must have 30 minutes rest after five hours of work.

There is no provision in Alabama law concerning record retention of wage and hour records therefor it is probably wise to follow FLSA guidelines.

<b>The Alabama agency charged with enforcing Child Support Orders and laws is:</b>

Alabama Department of Human Resources  
Child Support Enforcement Division  
50 Ripley St.  
Montgomery, AL 36130-1801  
334-242-9300  
[www.dhr.state.al.us/csed/default.asp](http://www.dhr.state.al.us/csed/default.asp)

Alabama has the following provisions for child support deductions:

- <ul><li>When to start Withholding? <b>Immediately after receipt of order.</li></b>
- <li>When to send Payment? <b>Within 7 days of Payday.</li></b>
- <li>When to send Termination Notice? <b>Within 7 days of termination.</li></b>
- <li>Maximum Administrative Fee? <b>\$2 per month.</li></b>
- <li>Withholding Limits? <b>Federal Rules under CCPA.</li></b>

Please note that this article is not updated for changes that can and will happen from time to time.