

WILLIAM PAUL LIPE
14103 UNDERWOOD ROAD
SUMMERDALE, AL 36580-4319,

Taxpayer,

v.

STATE OF ALABAMA
DEPARTMENT OF REVENUE.

§

§

§

§

§

STATE OF ALABAMA
DEPARTMENT OF REVENUE
ADMINISTRATIVE LAW DIVISION

DOCKET NO. INC. 13-1039

FINAL ORDER

The Revenue Department assessed William P. Lipe (“Taxpayer”) for 2010 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 February 27, 2014. The Taxpayer attended the hearing. Assistant Counsel Mary Martin Majors represented the Department.

The Taxpayer failed to file a 2010 Alabama income tax return. The Department received IRS information indicating that the Taxpayer received wages of \$165 from Coach, Inc. and Schedule C income of \$28,818 in that year. He was thus required to file an Alabama return for that year. The Department consequently assessed the Taxpayer for the tax due, plus penalties and interest, based on the IRS information.

The Taxpayer contends that he is not a “taxpayer.” I disagree with the Taxpayer’s position. The Taxpayer is a “taxpayer” under Alabama law, and was also subject to and liable for Alabama income tax for the subject years. “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. The Taxpayer is thus an individual taxpayer subject to Alabama income tax on their Alabama-sourced wages.

This issue was also previously addressed in *Knop v. State of Alabama*, Docket No. Inc. 98-226 (Admin. Law Div. 9/18/1998). The taxpayers in *Knop* argued that the Alabama income tax did not apply to them (Issue 1), and also that individually they were not a “person” or a “taxpayer” as defined by Alabama and federal law (Issue 2). The Administrative Law Division rejected both arguments, as follows:

Concerning arguments (1) and (2), Alabama income tax is levied on every “individual” residing in Alabama, and also on every “person” domiciled in Alabama. Code of Ala. 1975, §40-18-2. The terms “individual” and “person” are synonymous. Code of Ala. 1975, §40-18-1(9). “Individual” is defined by the American Heritage Dictionary, 2nd College Ed., at page 656, as “of or relating to a single human being”. The same source, at page 925, defines “person” as “a living human being...” The Knops are human beings, and thus are individuals or persons for Alabama income tax purposes. Likewise, “taxpayer” is defined at Code of Ala. 1975, §40-18-1(12) as “any person” subject to the income tax imposed in Chapter 18 of Title 40, Code of Ala. 1975, which, as indicated, includes all individuals or persons (human beings) domiciled or residing in Alabama. Because the Knops are individuals or persons domiciled and residing in Alabama, they are taxpayers subject to Alabama income tax. Arguments (1) and (2) are rejected.

Knop at 2.

The Taxpayer further argues that it is unfair that he cannot examine the IRS information on which the final assessment is based.

The final assessment is affirmed. Judgment is entered against the Taxpayer for 2010 tax, penalties, and interest of \$1,490. Additional interest is also due from the date the final assessment was entered, August 27, 2014.

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

Entered December 9, 2013.

BILL THOMPSON
Chief Administrative Law Judge

bt:dr

cc: Mary Martin Majors, Esq.
William Paul Lipe
Stoney Trammell