

Revenue REVIEW

1st Quarter
FY 2017
(October, November,
December 2016)

A Quarterly Publication of the Alabama Department of Revenue

Revenue Gets a Boost from Out-Of-State Sellers

In an effort to help small business owners increase revenue for the state and simplify use tax obligation, ADOR launched a voluntary program that lets out-of-state online sellers collect and report an 8 percent tax on all sales made in the state. This program is known as the Simplified Seller Use Tax (SSUT) Program, and it went into effect on Oct. 1, 2015.

The program has already attracted dozens of volunteers, and the Department expects SSUT could inject as much as \$50 million into state coffers in year two. As an incentive to join the program, the state is letting sellers keep 2 percent of the tax they collect properly, while the remaining amount will be divided between the state, counties and cities. Fifty percent of the funds collected go to the state, 25 percent goes to cities, and the other 25 percent goes to counties. The city and county shares are divided based on population.

More than 70 companies are currently participating in the SSUT program, including Amazon, one of the world's largest online commercial sites, which began collecting and remitting the 8 percent tax on Nov. 1, 2016. This should help level the playing field for the brick-and-mortar retailers and shopping center owners who have long advocated for an online sales tax that would enable them to more fairly compete with e-commerce businesses.

There are many other benefits of this new method. Sellers can file one simple return that reflects one flat tax rate no

matter where in Alabama products are delivered. Both the seller and the purchaser are relieved from any additional state and local sales or use taxes. Purchasers from whom the tax has been collected may apply for a refund or take a credit on their consumer's use tax return if the 8 percent collected by the eligible seller exceeds the purchaser's combined state and local tax rate imposed in their local jurisdiction.

An eligible seller is one that sells tangible personal property or a service into the state of Alabama from an inventory or location outside the state but does not have a physical presence in the state, and who is not otherwise required by Sections 41-4-

116 or 40-23-190, *Code of Alabama 1975*, to collect tax on sales made into the state. Examples of a physical presence include a store location or inventory, or employees who are permanent or transient in the state.

In order to participate, retailers must apply and be accepted into the program. Those sellers who have been approved to participate will collect, report, and remit the simplified sellers use tax for as long as they remain in the program. The simplified seller use tax is required to be electronically reported and paid by the 20th day of each month for the preceding month's tax collected.

TurboTax Extends Deadline to Nov. 15 for Amended Returns

On Oct. 18, the Alabama Department of Revenue (ADOR) announced that a large number of taxpayers who used TurboTax to file their 2015 Alabama state income tax returns needed to amend those returns and had until Oct. 23 to do so through TurboTax's online application.

ADOR was later notified by TurboTax that the online application would remain open until Nov. 15 to allow Alabama taxpayers more time to prepare their amended returns online. ADOR encouraged affected taxpayers to file an amended return as soon as possible to avoid any possible impact on their 2016 returns.

USE THIS



TO REPORT THESE



OPPAL

Optional Personal Property Assessment Link

OPPAL.Alabama.gov

Filing business personal property returns is easier than ever.

As of October 1, 2016, Alabama businesses will be able to report equipment, tools, machinery, and other business personal property online through the OPPAL web portal.



A PROGRAM OF THE ALABAMA DEPARTMENT OF REVENUE

OPPAL Available to Help Businesses on Oct. 1

Filing business personal property returns will be easier than ever

Beginning Oct. 1, Alabama businesses were able to report equipment, tools, machinery and other business personal property through the Optional Personal Property Assessment Link (OPPAL) online system.

OPPAL is an optional, free, reporting-only portal. The electronically filed return will contain all information included in the standard paper tax return. There is no charge to the taxpayer for utilizing this service. The OPPAL Web portal will be available to accept taxpayer information from Oct. 1 of each year until the following Jan. 31.

OPPAL was designed per the requirements of Section 40-7-56, *Code of Alabama 1975*, that states the Department of Revenue will develop, maintain and administer an online business personal property tax filing system to allow any taxpayer required to file a business personal property tax return with any county assessing official or applicable agency the ability and option to file the return electronically.

“We are always looking for better and more efficient ways businesses can interact with state and local governments. OPPAL provides that and I’m appreciative for the support of those who helped build it, especially the OPPAL Advisory Council made up of representatives from county governments and the business community,” said Revenue Commissioner Julie P. Magee.

Redesigned and New License Plates for Issuance



For the months of November and December the Battle of the Bulge, Vietnam Veteran, WWII American Campaign, WWII

Asiatic Campaign, WWII European

Campaign, Alabama Forestry Forever, The Florida State University, I Share the Road Alabama and University of Georgia distinctive license plates were redesigned for issuance. All pre-numbered and personalized plates featuring the new designs above may be ordered using the Plate Reservation and Ordering System (PROS).

Administrative Rules

Effective October 6, 2016:

Repealed:

810-27-1-4.03 Taxable in Another State

Effective October 13, 2016:

Adopted:

810-6-3-.47 Poultry Products

810-6-3-.46.02 Post Office, Sales to the

Effective November 14, 2016

Amended:

810-6-5-.02.02 Informational Report for Entities Having a Statutory Exemption from the Payment of Sales, Use, and Lodgings Taxes

Effective November 20, 2016

Adopted:

810-27-1-.18.07 Special Rules: Telecommunications and Ancillary Service Providers

810-27-1-.18.06 Special Rules: Trucking Companies

810-27-1-.18.05 Special Rules: Television and Radio Broadcasting

810-27-1-.18.04 Special Rules: Railroads

810-27-1-.18.03 Special Rules: Publishing

810-27-1-.18.02 Special Rules: Construction Contractors

810-27-1-.18.01 Special Rules: Airlines

810-5-1-.241 Collegiate License Plates

Amended:

810-27-1-.18 Special Rules

Effective December 11, 2016

Repealed:

810-1-2-.07 Emergency Rules

810-1-2-.04 Written Comments

810-1-2-.03 Public Hearings

810-1-2-.02 Notice of Proposed Rulemaking

810-1-2-.01 Scope

Tax Calendar *(Continued from Page 5)*

15 • Corporate income tax return and information return due (for calendar-year taxpayers).

• Business Privilege Tax return.

22 • Quarterly NPM bond due.

April

1 • Annual Dry Cleaning Trust Fund Fee return and payment due by wholesalers of dry cleaning agents.

• Quarterly Dry Cleaning Trust Fund Fee return and payment due.

• Utility license (2.2%) third quarterly payment due.

10 • Quarterly Hospital Assessment for Medicaid Tax due.

15 • Annual NPM payment due into escrow.

• Estimated personal income tax and first installment due.

• Financial institutions' excise tax return and payment due.

• Business Privilege tax return due for limited liability entities.

• First installment of estimated corporate income tax due (for calendar-year taxpayers).

Note: Other fiscal-period taxpayers pay their corporate estimated tax on the 15th day of the fourth, sixth, ninth, and twelfth months of their tax year and file their return on the 15th day of the third month following the close of their tax year.

• Partnership income tax return due.

• Personal income tax return and payment due.

20 • Quarterly sales tax return and payment due.

• Quarterly use tax return and payment due.

• Quarterly rental or leasing tax return and payment due.

• Quarterly Solid Waste Disposal Fee return and payment due.

30 • Annual TPM certification due.

• Annual NPM certification and bank verification due.

• Quarterly forest products' severance tax return and payment due.

• Quarterly NPM payment due into escrow.

• Quarterly withholding return and payment due from employer.

• Quarterly IFTA tax return and payment due.

• Quarterly Construction Employer Fee due.

Tax Guidance for Contractors, Subcontractors and Alabama Governmental Entities Regarding Construction-related Contracts

Legislative Act 2013-205 (Section 40-9-14), requires the Department of Revenue to issue Form STC-1, Sales and Use Tax Certificate of Exemption for Government Entity Projects, to all contractors and subcontractors working on qualifying governmental entity projects. Each contractor and subcontractor who obtains a certificate of exemption for a government entity project is required to file monthly consumers use tax returns. Contractors should report their exempt purchases made for each project on the return. The returns are required to be filed electronically through the department's online filing and payment portal, My Alabama Taxes (MAT). Section 40-9-14.1(d) states, "... The reports shall be filed as a prerequisite to renewal of a certificate of exemption." Section 40-9-14.1 provides that contractors who fail to comply with the reporting requirements will face certain consequences. The department will begin notifying contractors of any non-compliance. Contractors will be allowed 14 days to comply with the law by filing their delinquent or incomplete consumers use tax returns.

Interest Rates Remained the Same for First Quarter of 2017

Interest rates for the calendar quarter which began Jan. 1, 2017, remained at four (4) percent, according to Internal Revenue Bulletin No. 2016-51, dated Dec. 19, 2016. Under Sect. 40-1-44, *Code of Alabama 1975*, the Department of Revenue will calculate interest on underpayments and overpayments (where applicable) at this same annual rate (3%); however, land sold by the state for taxes, shall be calculated at 12% in accordance with Sect. 40-5-9.

Statement of Gross Tax Collections

Through End of 1st Quarter FY 2017
(October, November, December 2016)

	FYTD 2016-17	FYTD 2015-16	% Change
Business Privilege Tax	13,475,450.43	10,967,373.08	22.87
Gasoline	147,889,613.34	104,535,743.51	41.47
Income Tax-Corporate	102,986,562.05	108,531,677.25	(5.11)
Income Tax-Individual	927,352,416.09	897,482,796.46	3.33
Income Tax (Total)	1,030,338,978.14	1,006,014,473.71	2.42
Motor Fuels	50,322,100.08	36,550,170.08	37.68
Oil & Gas Privilege (8%)	8,221,647.81	8,750,108.38	(6.04)
Oil & Gas Production (2%)	2,761,090.84	2,998,935.34	(7.93)
Sales	571,109,718.05	554,516,239.43	2.99
Use Tax	92,113,232.18	88,244,130.14	4.38
Utility Gross Receipts	93,492,530.86	91,274,533.63	2.43
SUBTOTAL	2,009,724,361.73	1,903,851,707.30	5.56
SUBTOTAL (OTHER TAXES)	508,887,809.31	479,881,933.96	6.04
TOTAL (ALL TAXES)	2,518,612,171.04	2,383,733,641.26	5.66

Interest Rates By Calendar Quarter

(Established by: 26 USCA 6621; Sect. 40-1-44, *Code of Alabama 1975*)

	1ST QTR	2ND QTR	3RD QTR	4TH QTR
2006	7%	7%	8%	8%
2007	8%	8%	8%	8%
2008	7%	6%	5%	6%
2009	5%	4%	4%	4%
2010	4%	4%	4%	4%
2011	3%	4%	4%	3%
2012	3%	3%	3%	3%
2013	3%	3%	3%	3%
2014	3%	3%	3%	3%
2015	3%	3%	3%	3%
2016	3%	4%	4%	4%
2017	4%			

Tax Calendar

Required Monthly Returns Tax Activity

- 10** ● Tobacco use tax return and payment due.
● Monthly Jenkins Act Report
- 15** ● Motor carrier mileage tax return and payment due.
● Oil and gas production tax and privilege tax return and payment due the second month following the month of production.
● Withholding return and payment due from those employers required to remit on a monthly basis.
- 20** ● Alabama Uniform Natural Minerals Tax return and payment due.
● Coal severance tax return and payment due.
● Coal transporters' and purchasers' returns due.
● Contractors gross receipts tax return and payment due.
● Inspection Fee return and payment due.
● Local solid minerals tax returns and payments due.
● Lubricating oils tax return and payment due.
● Medicaid-related tax return and payment due for nursing facilities.
● Medicaid tax return and payment due from pharmaceutical service providers.
● Mobile telecommunication services tax return and payment due.
● Pari-mutuel pool tax return and payment due.
● Prepaid Wireless 9-1-1 Charge return and payment due.
● Rental or leasing tax (state and local) return and payment due.
● Sales tax (state and local) return and payment due.
● Schedule D (NPM Cigarette Activity) report due.
● Scrap Tire Environmental Fee return and payment due.
● Simplified Sellers Use Tax
● Tobacco tax (state and county) return, reports and payment due.
● Transient Occupancy (Lodgings) tax (state and local) return and payment due.
● Underground and aboveground storage tank trust fund charge due.
● Use tax (state and local) return and payment due.
● Utility gross receipts tax return and payment due.
- 22** ● Blender return and payment due.
● Exporter return due.
● Importer return due.
● Supplier/Permissive Supplier return and payment due.
- 30** ● Hazardous waste fee return and payment due.
● State horse wagering fee return and payment due.
● Terminal Operator return Transporter return due.

Quarterly/Annual Tax Activity

(January, February, March, April 2017)

January

- 1** ● Quarterly Dry Cleaning Trust Fund Fee return and payment due.
● Utility license (2.2%) second quarterly payment due.
- 10** ● Quarterly Hospital Assessment for Medicaid Tax due.

Note: Act 2011-615 changed the due date of the quarterly Hospital Assessments to the tenth working day of each quarter.

- 15** ● Fourth installment of estimated personal income tax due.

- 20** ● Quarterly sales tax return and payment due.
● Annual sales tax return and payment due.
● Quarterly use tax return and payment due.
● Annual use tax return and payment due.
● Quarterly rental or leasing tax return and payment due.
● Annual rental or leasing tax return and payment due.
● Quarterly Solid Waste Disposal Fee return and payment due.

- 30** ● Quarterly forest products' severance tax return and payment due.

- 31** ● Quarterly withholding return and payment due from employer.
● Quarterly IFTA tax return and payment due.
● Quarterly NPM payment due into escrow.
● Annual Terminal Operator return and/or payment due.
● Quarterly Construction Employer Fee due.
● Annual withholding return due.

February

- 10** ● Quarterly NPM certification and bank verification due.

March

- 1** ● Freight line equipment return due.
● Public utility property tax return delinquent after this date.

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