

Revenue REVIEW

2nd Quarter
FY 2014
(January, February,
March 2014)

A Quarterly Publication of the Alabama Department of Revenue

Magee, Coone Attend Bill Signing



Gov. Robert Bentley poses for a photo with Revenue Commissioner Julie Magee (right) and Brenda R. Coone (left), Director, Alabama Department of Revenue Motor Vehicle Division, at a ceremonial bill signing for House Bill 112 in the Old House Chamber of the Alabama State Capitol, Wed., Feb. 26, 2014. The bill authorizes Jefferson County residents to renew car tags from city offices rather than only from the Jefferson County Courthouse. The bill should reduce long lines and waiting to renew car tags. The bill was co-sponsored by Sen. Jabo Waggoner of Vestavia Hills and Rep. Paul DeMarco of Homewood.

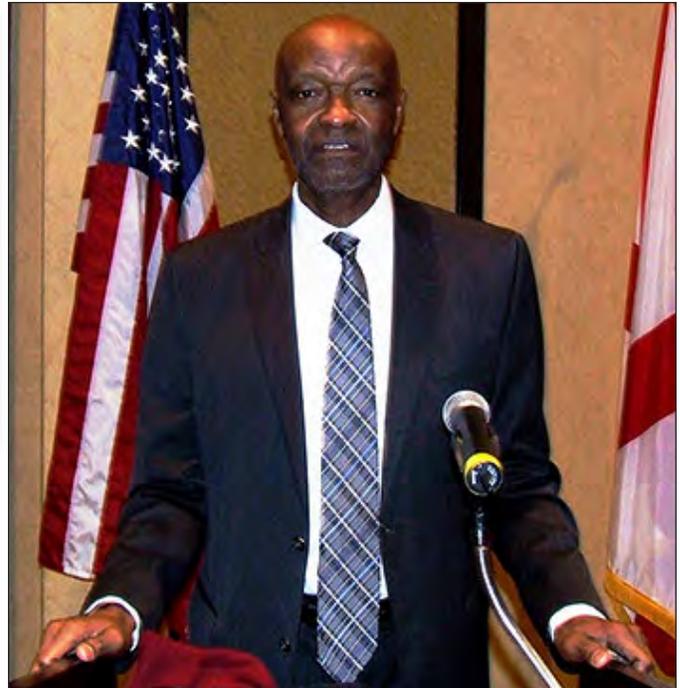


Commissioner Julie Magee was a recent guest on APT's "Capitol Journal," where she was interviewed by host Don Dailey about various legislative issues and the tax filing season. The show covers significant topics in the Alabama Legislature and features newsmakers and state government representatives.

MV Representatives Attend State Licensing Officials Conference

Several representatives from ADOR's Motor Vehicle Division attended and made presentations at this year's Alabama Licensing Officials Conference.

The conference, hosted by the Association of Alabama Tax Administrators, was held January 15-16 at the Marriott Legends Capitol Hill in Prattville.



Don Clemons makes a presentation about title procedures.



Shown left are: Anthony Evans, Maria Chamnong, Lisa Blankenship, Sherry Helms, Motor Vehicle Division Director Brenda Coone and Assistant Division Director Jay Starling.

MV Conducts Training for Jefferson County Localities

Revenue's Motor Vehicle Division hosted a three-day seminar March 11-13 for city officials in Jefferson County to acquaint them with Act 2014-007. The legislation authorizes Jefferson County residents to renew their car tags at city offices rather than only from the Jefferson County Courthouse. To renew at their city hall, taxpayers must be a resident of the city.

Passed to alleviate long lines and hours of waiting to renew car tags, the bill provides that cities will be allowed to renew tags only for vehicles a person already owns.

Speakers from the Examiners of Public Accounts and the State Comptroller's Office joined ADOR Motor Vehicle presenters, and an ADOR Property Tax presenter.

The informative seminar was attended by 20 representatives from the following organizations: Jefferson County, Cities of Vestavia Hills, Birmingham, Trussville, Mountain Brook, Irondale, Gardendale and Leeds; Town of Sylvan Springs, Ingenuity (registration system vendor), and the University of Alabama Center for Advanced Public Safety.



Presenters included (left to right): Kathy Wren, James Hall, Examiners of Public Accounts; Sherry Helms, Brenda Coone (MV Division Director), Anthony Evans, Maria Chamnong, Motor Vehicle Division; Will Martin, Property Tax; Jay Starling, Motor Vehicle Division Assistant Director); Peytie Bowen, Comptroller's Office; Don Clemons, Motor Vehicle Division; Chris Lentini, Comptroller's Office; Lisa Blankenship, Motor Vehicle Division.

Magee Participates in STH Press Conference



ADOR Commissioner Julie Magee joined Gov. Robert Bentley, other state officials and representatives from the retail community for the STH Severe Weather Preparedness press conference held Thursday, Feb. 20 at Lowe’s in Montgomery. In attendance were (shown left): National Weather Service Meteorologist Jim Stefkovich, Gov. Robert Bentley, Alabama Emergency Management Agency Director Art Faulkner, and Alabama Revenue Commissioner Julie Magee. Not pictured: Alabama Retail Association Rick Brown.

Administrative Rules

Effective Feb. 7, 2014

Repealed:

- 810-5-1-.210 Extending the Period for Use of Standard and Distinctive License Plates
- 810-5-1-.236-01 Extending the Period for Use of God Bless America Distinctive License Plates

Adopted:

- 810-4-1-.23 Homestead and Principal Resi-

- dence Exemptions from Property Tax
- 810-8-1-.24 Refund Policy Regarding Wholesale Oil/Import License Fee on Biodiesel Sold to a Licensed Supplier When Delivered to a Terminal
- 810-8-1-.25 Refund Policy Regarding Wholesale Oil License Fee on Diesel Fuel Diverted to Another State

Effective March 3, 2014:

Repealed:

- 810-8-X-.01 Penalty for Delinquency in the Payment of Taxes
- 810-15-1-.01 Hospital Assessment for Medicaid

- 810-16-1-.01 State Sales, Use and Lodgings Tax Exemption for Qualified Production Companies
- 810-16-1-.02 Rebates Allowed for Qualified Production Companies

Adopted:

- 810-3-21-.04 Rebates Allowed for Qualified Production Companies
- 810-3-29-.02 Participation in the Federal/State Electronic Filing Program
- 810-3-29-.04 Requirements for the Fiduciary Income Tax Declaration for Electronic Filing

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Magee Attends SourceHOV Ribbon-cutting

State Revenue Commissioner Julie Magee, along with other state and local government and industry representatives, attended SourceHOV's ribbon-cutting held February 12 at the company's Georgiana location.

The event commemorated the company's new contract with the State of Alabama, a five-year contract with the Alabama Department of Revenue. SourceHOV has processed income tax returns for the state for 14 years.



Shown front, left to right: Alabama Commissioner of Revenue Julie Magee, ADOR Processing Division Director Anne Glenn, Georgiana Mayor Jerome Antone, SHOV Public Sector VP Paul Rio, SHOV Administrative Assistant Brandi Scarver-Lindo, Greenville Area Chamber of Commerce Executive Director Francine Wasden, Greenville Area Chamber of Commerce Operations Coordinator Laura Sadowski; back row, left: SHOV Director of Business Development Mike Smith, ADOR Processing Division Assistant Director Don Graham, Greenville Mayor Dexter McLendon, Butler County Commissioner Frank Hickman, SHOV Director of Operations Dennis Harvey, SHOV Georgiana Operations Manager Melissa English. (Photo courtesy of Anna Schofield)

Administrative Rules

(Continued from Page 5)

810-3-29-.06 Acceptance into the Alabama Electronic Filing Program, Monitoring, and Revocation of Acceptance into the Program

810-6-3-.52 State Sales, Use and Lodgings Tax Exemption for Qualified Production Companies

810-6-5-.27.02 Hospital Assessment for Medicaid

Amended:

810-3-2-.01 Individuals Subject to Alabama Income Tax

810-3-28-.02 Participation in the Federal/State Electronic Filing Program

810-3-28-.03 Requirements for the Alabama Electronic Partnership/LLC Return of Income

810-3-28-.04 Requirements for the Partnership/LLC Return of Income Declaration for Electronic Filing

810-3-39-.07 Participation in the Federal/State Electronic Filing Program

810-3-39-.09 Requirements for the Corporate Income Tax Declaration for Electronic Filing

810-3-71-.02 Computing Tax Withheld

Effective April 25, 2014

Amended:

810-3-60-.02 Eligibility for Parent Tax Credit for Students Attending a Nonpublic School

810-3-60-.03 Eligibility for Parent Tax Credit for Students Transferring to a Failing Public School

Effective June 12, 2014:

Repealed:

810-5-1-.227.04 Memorandum of Understanding between the Department of Human Resources and the Department of Revenue

IRS News

IRS Criminal Investigation Issues Annual Report

IR-2014-18, Feb. 24, 2014

WASHINGTON – The Internal Revenue Service announced the release of its IRS Criminal Investigation (CI) Annual Report for fiscal year 2013, reflecting significant increases in enforcement actions against tax criminals and a robust rise in convictions, including identity theft.

CI investigates potential criminal violations of the Internal Revenue Code and related financial crimes in a manner to foster confidence in the tax system and compliance with the law.

High points of fiscal year 2013 include a 12.5 percent increase in investigations initiated compared to the prior year and a nearly 18 percent gain in prosecution recommendations. Specifically, CI initiated 5,314 cases and recommended 4,364 cases for prosecution. These increases were accomplished at a time when agent resources decreased more than 5 percent.

Meanwhile, convictions rose more than 25 percent compared to the prior year. The conviction rate for fiscal 2013 was 93 percent.

“The conviction rate is especially important because it reflects the quality of our case work, our teamwork with law enforcement partners and the U.S. Attorneys’ Offices, and it represents an increase over 2011 and 2012,” said Richard Weber, Chief of Criminal Investigation.

CI continues to play a vital role in the fight against identity theft. CI initiated over 1,400 investigations and recommended prosecution of over 1,250 individuals who were involved in identity theft crimes during fiscal 2013.

As an active partner in over 35 Identity Theft Task Forces, CI works side-by-side with federal, state and local law-enforcement agencies to combat the threat of this insidious crime. One of those task forces, the Tampa Bay Identity Theft

Alliance, was recently recognized as the “2013 Task Force of the Year,” a national award given by the International Association of Financial Crimes

Investigators for investigative excellence and outstanding public service. The Tampa Bay Identity Theft Alliance was formed last year and comprises of 20 Tampa Bay federal, state and local law enforcement agencies and prosecutors.

“The Alliance represents true teamwork by all levels of law enforcement,” Weber said. “Individuals who commit identity theft demonstrate a blatant disregard of the integrity of the United States tax system and cause immeasurable hardship to innocent victims.”

In addition, the 36-page report summarizes a wide variety of IRS CI activity on a range of tax crimes, money laundering, public corruption, terrorist financing and narcotics trafficking financial crimes during the fiscal year ending Sept. 30, 2013.

“Our cases involved individuals and corporations from all segments of society. They led us into corporate board rooms, offices of public officials, tax preparation businesses, identity theft gangs and narcotics trafficking organizations,” Weber said.

“This report highlights some of the many noteworthy cases that were completed by CI, which is just the tip of the iceberg of the complex cases we completed this past year,” Weber added. “The dedication and enthusiasm of our employees was a driving force behind these achievements. IRS-CI continues to make our mark in history as the best financial investigators in the world.”

TIGTA Warns of “Largest Ever” Phone Fraud Scam Targeting Taxpayers

TIGTA-2014-03

Thursday, March 20, 2014

Contact: David Barnes - David.Barnes@tigta.treas.gov

WASHINGTON — The Treasury Inspector General for Taxpayer Administration (TIGTA) issued a warning to

taxpayers to beware of phone calls from individuals claiming to represent the Internal Revenue Service (IRS) in an effort to defraud them.

“This is the largest scam of its kind that we have ever seen,” said J. Russell George, the Treasury Inspector General for Tax Administration. George noted that TIGTA has received reports of over 20,000 contacts and has become aware of thousands of victims who have collectively paid over \$1 million as a result of the scam, in which individuals make unsolicited calls to taxpayers fraudulently claiming to be IRS officials.

“The increasing number of people receiving these unsolicited calls from individuals who fraudulently claim to represent the IRS is alarming,” he said. “At all times, and particularly during the tax filing season, we want to make sure that innocent taxpayers are alert to this scam so they are not harmed by these criminals,” George said, adding, “Do not become a victim.”

Inspector General George urged taxpayers to heed warnings about the sophisticated phone scam targeting taxpayers, noting that the scam has hit taxpayers in nearly every State in the country. Callers claiming to be from the IRS tell intended victims they owe taxes and must pay using a pre-paid debit card or wire transfer. The scammers threaten those who refuse to pay with arrest, deportation or loss of a business or driver’s license.

The truth is the IRS usually first contacts people by mail – not by phone – about unpaid taxes. And the IRS won’t ask for payment using a pre-paid debit card or wire transfer. The IRS also won’t ask for a credit card number over the phone.

“If someone unexpectedly calls claiming to be from the IRS and uses threatening language if you don’t pay immediately, that is a sign that it really isn’t the IRS calling,” he said.

The callers who commit this fraud often:

- Use common names and fake IRS badge numbers.
- Know the last four digits of the victim’s Social Security Number.

- Make caller ID information appear as if the IRS is calling.

- Send bogus IRS e-mails to support their scam.

- Call a second time claiming to be the police or department of motor vehicles, and the caller ID again supports their claim.

If you get a call from someone claiming to be with the IRS asking for a payment, here's what to do:

- If you owe Federal taxes, or think you might owe taxes, hang up and call the IRS at 800-829-1040. IRS workers can help you with your payment questions.

- If you don't owe taxes, call and report the incident to TIGTA at 800-366-4484.

- You can also file a complaint with the Federal Trade Commission at www.FTC.gov. Add "IRS Telephone Scam" to the comments in your complaint.

TIGTA and the IRS encourage taxpayers to be alert for phone and e-mail scams that use the IRS name. The IRS will never request personal or financial information by e-mail, texting or any social media. You should forward scam e-mails to phishing@irs.gov. Don't open any

attachments or click on any links in those e-mails.

Taxpayers should be aware that there are other unrelated scams (such as a lottery sweepstakes winner) and solicitations (such as debt relief) that fraudulently claim to be from the IRS.

Read more about tax scams on the genuine IRS website at www.irs.gov.

Issue Number: IR-2014-39

IRS Warns of New Email Phishing Scheme Falsely Claiming to be from the Taxpayer Advocate Service

WASHINGTON —The Internal Revenue Service warned consumers to be on the lookout for a new email phishing scam. The emails appear to be from the IRS Taxpayer Advocate Service and include a bogus case number.

The fake emails may include the following message: "Your reported 2013 income is flagged for review due to a document processing error. Your case has

been forwarded to the Taxpayer Advocate Service for resolution assistance. To avoid delays processing your 2013 filing contact the Taxpayer Advocate Service for resolution assistance."

Recipients are directed to click on links that supposedly provide information about the "advocate" assigned to their case or that let them "review reported income." The links lead to web pages that solicit personal information.

Taxpayers who get these messages should not respond to the email or click on the links. Instead, they should forward the scam emails to the IRS at phishing@irs.gov. For more information, visit the IRS's Report Phishing web page.

The Taxpayer Advocate Service is a legitimate IRS organization that helps taxpayers resolve federal tax issues that have not been resolved through the normal IRS channels. The IRS, including TAS, does not initiate contact with taxpayers by email, texting or any social media.

For more on scams to guard against see the "Dirty Dozen" list on IRS.gov.

Interest Rates Remain the Same for 2nd Quarter of 2014

Interest rates for the calendar quarter beginning April 1, 2014, will remain at three (3) percent, according to Internal Revenue Bulletin No. 2014-14, dated March 31, 2014.

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. (Historical rates shown right.)

Interest Rates By Calendar Quarter				
(Established by: 26 USCA §6621; §40-1-44, <i>Code of Alabama 1975</i>)				
	1ST QTR	2ND QTR	3RD QTR	4TH QTR
2001	9%	8%	7%	7%
2002	6%	6%	6%	6%
2003	5%	5%	5%	4%
2004	4%	5%	4%	5%
2005	5%	6%	6%	7%
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%		

Tax Crimes

Revenue Commissioner Julie P. Magee and Attorney General Luther Strange Announce Arrests for Alabama Tax Evasion and State Ethics Violation Charges

State Revenue Commissioner Julie P. Magee and Attorney General Luther Strange announced March 14 the arrests of two individuals, in separate cases, on charges of state income tax evasion. One also was charged with a state ethics violation for using her position for personal gain.

Michelle Irvin Zeigler, 50, of Prattville, surrendered to the Montgomery County Sheriff's Office, on March 13, 2014, and was released on \$5,000 bond.

Judy Smith Horn, 48, of Montgomery, surrendered to the Montgomery County Sheriff's Office on March 13, 2014, and was released on \$5,000 bond.

The two cases were presented to a Montgomery County grand jury on March 7, resulting in the indictments* filed against Zeigler and Horn.

The grand jury indictment against Zeigler charges her with five counts of income tax evasion under Section 40-29-110, *Code of Alabama 1975*, and with one count of using her position as a public employee to obtain personal gain for herself in violation of Section 36-25-5(a), *Code of Alabama 1975*. Zeigler allegedly used her official position as a former personnel manager in the Alabama Department of Public Health to change her Alabama income tax withholding status to "exempt" or "zero withholding" in the state payroll and personnel system, the Government Human Resources System (GHRIS), resulting in little or no state

income tax being withheld from her salary during the 2007, 2008, 2009, 2010 and 2011 tax years.

If convicted, Zeigler faces a possible sentence of up to five years imprisonment and/or fines up to \$100,000 for each of the five counts of evasion, and penalties of two to 20 years imprisonment and/or fines up to \$10,000 for the ethics violation charge.

Similarly, the indictment charges Horn, a departmental operations specialist with the Alabama Department of Finance, Comptroller's Office, with three counts of income tax evasion under Section 40-29-110, *Code of Alabama 1975*. No Alabama income tax was withheld from Horn's paychecks during 2008, 2009 and 2010.

If convicted, Horn faces a possible sentence of up to five years imprisonment and/or fines up to \$100,000 for each of the three counts of evasion.

No further information about the investigations or about Zeigler's and Horn's

alleged crimes, other than that stated in the indictments, may be released at this time.

**An indictment is merely an accusation. The defendant is presumed innocent unless and until proven guilty.*

NOTICE

In January of this year, the ADOR Office of Taxpayer Advocacy moved to a new location on the first floor of the Gordon Persons Building, Room 1226. The mailing address and phone numbers remain the same.

The mailing address is PO Box 327005, Montgomery AL 36132-7005. The phone number is 334-242-1055. Fax number is 334-242-0814.

Statement of Gross Tax Collections

Through End of 2nd Quarter FY 2014
(January, February, March 2014)

	FYTD 2013-14	FYTD 2012-13	% Change
Business Privilege Tax	\$ 83,224,030.84	\$ 83,606,009.11	(0.46)
Gasoline	194,798,864.34	192,762,635.28	1.06
Income Tax-Corporate	185,232,085.41	207,438,812.48	(10.71)
Income Tax-Individual	1,745,653,668.64	1,699,744,166.61	2.70
Income Tax (Total)	1,930,885,754.05	1,907,182,979.09	1.24
Motor Fuels	68,040,536.95	65,672,101.57	3.61
Oil & Gas Privilege (8%)	42,544,626.74	43,225,574.54	(1.58)
Oil & Gas Production (2%)	13,640,883.75	13,946,531.56	(2.19)
Sales	1,008,379,002.54	991,907,441.92	1.66
Use Tax	157,697,283.98	156,783,322.35	0.58
Utility Gross Receipts	210,657,802.05	197,230,662.41	6.81
SUBTOTAL	\$3,709,868,785.24	\$3,652,317,257.83	1.58
SUBTOTAL (OTHER TAXES)	\$ 921,864,677.01	\$ 901,237,425.79	2.29
TOTAL (ALL TAXES)	\$4,631,733,462.25	\$4,553,554,683.62	1.72

Tax Calendar

Required Monthly Returns Tax Activity

10th • Medicaid-related tax return and payment due for nursing facilities.

- Tobacco use tax return and payment due.

15th • Gasoline information return due from carriers, transporters, and warehouses.

- Lubricating oils information return due from carriers, transporters, and warehouses.
- Motor carrier mileage tax return and payment due.
- Oil and gas production tax and privilege tax return and payment due two months following month of production.
- Withholding return and payment due from those employers required to remit on a monthly basis

20th • Aviation fuel 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.
- Gasoline tax return and payment due.
- Iron ore severance tax return and payment due.
- Local solid minerals tax returns and payments due.
- Lodgings tax return and payment due.
- Lubricating oils tax return and payment due.
- Medicaid tax return and payment due from pharmaceutical service providers.
- Mobile telecommunications service tax return and payment due.
- Motor fuel tax return and payment due.
- Pari-mutuel pool tax return and payment due.
- Rental or leasing tax return and payment due.
- Sales tax (state and local) return and payment due.
- Scrap Tire Environmental Fee due.
- Tobacco tax (state and county) return and payment due.
- Underground and aboveground storage tank trust fund charge due.
- Uniform Natural Minerals tax return and payment due.
- Use tax return and payment due.
- Utility gross receipts tax return and payment due.

30th • Hazardous waste fee return and payment due.

Last day of month • State horse wagering fee return and payment due.

Quarterly/Annual Tax Activity

(July and August 2014)

July

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

- Utility License (2.2%) fourth quarterly payment due.

10 • Quarterly Hospital Assessment for Medicaid Tax 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 • Quarterly forest products' severance tax return and payment due.

31 • 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.

Aug.

10 • Quarterly NPM certification and bank verification due.