

# Revenue REVIEW

4th Quarter  
FY 2015  
(July, August,  
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A Quarterly Publication of the Alabama Department of Revenue

## Joe Garrett Receives MTC Paull Mines Award

**A**DOR Deputy Commissioner Joe Garrett received the Multistate Tax Commission (MTC) Paull Mines Award at the 48th Annual Conference in Spokane, Wash.

Created in 2007, the award honors the work of Paull Mines, who began working with the MTC in 1989 and served as its general counsel for eight years until his death in 2002.

The MTC memorial to Mines reads, "He described his professional passion to be 'Preserving Federalism' by developing state tax systems that are understandable, administrable and fair for taxpayers and states alike, with the view to avoid post-transactional assessments."

According to the MTC website, the award is presented to one who exemplifies leadership, legal excellence, professional integrity and commitment to shared knowledge among state attorneys.

ADOR Commissioner Julie Magee joined Garrett at the conference, where she officially stepped down from her three-year tenure as Chair of the MTC. Under her leadership, the commission made accomplishments in the provision of legal assistance to the states, uniformity projects, and addressing federal legislation which would impact state and local taxation.

Chief among these accomplishments was Magee's service as spokeswoman for the MTC and its stance on nexus issues in her appearance before Congress in June of this year.

**ADOR Deputy Commissioner Joe Garrett speaks after receiving the MTC Paull Mines Award.**



# ADOR Signs Memorandum of Understanding with the IRS and Tax Industry

The Alabama Department of Revenue took another step in enhancing the security of the tax return process when Commissioner Julie Magee signed a Memorandum of Understanding with the Internal Revenue Service, other state revenue departments, and companies and trade associations in the tax and financial services industries on Aug. 26.

“We are working with the IRS and the tax industry to establish stronger security measures, particularly in e-filing, including validation of identity and return information at the time of filing,” Magee said. “These security measures, combined with our established efforts to protect taxpayers here in Alabama through the ID Quiz and a second authentication protocol on My Alabama Taxes (MAT), will provide taxpayers with a safer and more secure filing experience.”

The public-private partnership formed through the MOU stems from a security summit convened by the IRS in March, where tax administrators and industry leaders met to discuss emerging threats and expand existing collaborative efforts to stop fraud. IRS Commissioner John Koskinen hailed “a new era of cooperation and

collaboration . . . that will help combat identity theft and protect taxpayers against tax refund fraud” when the IRS announced the new partnership in June.

The enhanced communication and information sharing agreed to at the summit and in the MOU will better protect taxpayers in a number of ways, including:

- Unmasking criminal schemes and reducing identity theft tax refund fraud;
- Improving methods of verifying taxpayers’ identities;
- Better analyzing return transmission information (such as numerous returns being transmitted from the same IP

address) and return preparation times;

- Identifying standard technology practices and innovation for uncovering emerging threats; and
- Educating taxpayers on their roles in protecting sensitive personal, tax and financial data.

The MOU has been endorsed by the Federation of Tax Administrators, the Council for Electronic Revenue Communication Advancement, the American Coalition for Taxpayer Rights, Free File Inc., and the National Association of Computerized Tax Processors.

## ADOR Increases Security Measures for My Alabama Taxes (MAT)

The department began enhancing security features to the online taxpayer portal, My Alabama Taxes (MAT), in July.

In addition to the login/password, a second authentication mechanism was implemented, requiring users to enter an authentication code. MAT users now have the option of receiving this code via SMS text message or email, said State Revenue Commissioner Julie Magee.

This code will be used to verify the user’s identity when logging into MAT, she explained. There is an option to check a ‘Trust This Computer’ box, which will enable MAT to recognize the device and Web browser combination for future logons.

In order to better understand this change, a demonstration of the process can be viewed at this link: <https://myalabamataxes.alabama.gov/files/cbt/TCA.htm>.

While MAT is already a secure system, Commissioner Magee feels that boosting security will give users an extra level of comfort that their data is being protected. Should anyone need assistance or have questions regarding this change, please call 334-353-0030.

### NOTICE

The Alabama Department of Revenue 2015 General Summary of State Taxes is available for viewing online at [http://revenue.alabama.gov/publications/tax-policy/general\\_summary\\_of\\_state\\_taxes.pdf](http://revenue.alabama.gov/publications/tax-policy/general_summary_of_state_taxes.pdf).

The summary includes legislative synopses of this year’s Regular Session, First and Second Special Sessions of the legislature.

# ADOR Offers Simple Way for Internet Sellers to Remit Use Tax

**E**ffective Oct. 1, the Alabama Department of Revenue implemented a voluntary program for Internet sellers who do not have a physical presence in the state and do not charge consumer use tax.

The Simplified Seller Use Tax Remittance Act allows eligible sellers to participate in the ADOR program to collect and report a flat 8 percent seller use tax on all sales made into Alabama. As an incentive for sellers to change their processes and volunteer for the program, the law allows participating sellers to deduct and keep 2 percent of the use tax properly collected, provided the collected tax is remitted to ADOR on time.

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 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. The local portion of the simplified seller use tax will be distributed to cities and counties of Alabama based on population.

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 in the program,

retailers must apply and be accepted into the program established by this act. Those sellers who have been approved to participate will collect, report, and remit the simplified seller 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.

If you have questions regarding this program, you may view the act in its entirety on the department's website at [http://revenue.alabama.gov/salestax/pdf/Act\\_2015-448.pdf](http://revenue.alabama.gov/salestax/pdf/Act_2015-448.pdf) or contact the Sales and Use Tax Division at 334-242-1490 or our toll-free number 1-866-576-6531. Sellers can find the application to participate in the program at [http://revenue.alabama.gov/salestax/pdf/SSUT-Application\\_\(9-15\).pdf](http://revenue.alabama.gov/salestax/pdf/SSUT-Application_(9-15).pdf).

## Administrative Rules

### **Effective August 21, 2015:**

#### **Amended:**

- 810-3-74-.01 Withholding Returns and Payments
- 810-3-75-.01 Withholding Statement Furnished Employees
- 810-3-75-.03 Annual Returns of Withholding Tax Information
- 810-3-75-.04 Voluntary Withholding
- 810-3-75-.05 Third Party Reporting Requirements
- 810-5-8-.10 Mandatory Liability Insurance (MLI) Questionnaire and Notice of Suspension

#### **Repealed:**

- 810-3-24.1-.01 Composite Relief of Subchapter K Entities

### **Effective October 22, 2015:**

#### **Adopted:**

- 810-6-2-.90.02 Simplified Sellers Use Tax Remittance Program
- 810-6-2-.90.03 Requirements for Certain Out-of-State Sellers Making Significant Sales into Alabama

### **Effective October 29, 2015:**

#### **Amended:**

- 810-4-1-.09 Valuation of Aircraft
- 810-4-1-.18 Synchronization of Taxation and Registration System – Assessment Procedures

**Alabama Income Tax Refund Checkoffs (Non-Campaign) \$'s Collected**

Fiscal Quarters:	2015/1	2015/2	2015/3	2015/4	2015 FYTD
Alabama Aging Fund	\$ 668.00	\$ 4,238.00	\$ 5,278.00	\$ 156.00	\$ 10,340.00
Alabama Arts Development Fund	274.00	3,267.00	3,549.00	259.00	7,349.00
Alabama Nongame Wildlife Fund	330.00	4,325.00	6,615.00	112.00	11,382.00
Child Abuse Trust Fund	675.00	13,588.00	11,569.00	392.00	26,224.00
Alabama Veterans Program	1,177.00	13,647.00	10,512.00	469.00	25,805.00
AL Indian Children's Scholarship Fund					-
Penny Trust Fund		251.00			251.00
Foster Care Trust Fund	701.00	5,978.00	7,271.00	161.00	14,111.00
Mental Health	337.00	5,498.00	6,906.00	130.00	12,871.00
Neighbors Helping Neighbors	526.00	1.00			527.00
Breast & Cervical Cancers Fund		9,493.00	6,033.00	153.00	15,679.00
4H Clubs	5.00	250.00			255.00
Cancer Institute	790.00	9,290.00	7,104.00	147.00	17,331.00
Organ Donation		10.00	5.00		15.00
National Guard					-
Alternative Fuel Research Fund		1.00	5.00		6.00
Alabama Association of Rescue Squads	116.00	1,967.00	1,840.00	95.00	4,018.00
AL Vet Medical Fund Spay-Neuter Program	478.00	4,446.00	4,177.00	232.00	9,333.00
Historic Preservation	323.00	1,757.00	1,928.00	184.00	4,192.00
Archive Services	98.00	536.00	662.00	18.00	1,314.00
Firefighters Annuity	257.00	2,700.00	2,491.00	104.00	5,552.00
Victims of Violence	245.00	3,302.00	2,521.00	105.00	6,173.00
Alabama Military Support Foundation	683.00	5,275.00	4,352.00	228.00	10,538.00
<b>TOTALS:</b>	<b>\$7,683.00</b>	<b>\$89,820.00</b>	<b>\$82,818.00</b>	<b>\$2,945.00</b>	<b>\$183,266.00</b>

**Alabama Income Tax Refund Checkoffs (Non-Campaign): No. of Returns Filed**

Fiscal Quarters:	2015/1	2015/2	2015/3	2015/4	2015 FYTD
Alabama Aging Fund	32	429	407	15	883
Alabama Arts Development Fund	27	326	307	14	674
Alabama Nongame Wildlife Fund	27	393	395	9	824
Child Abuse Trust Fund	40	945	645	27	1,657
Alabama Veterans Program	49	833	579	25	1,486
AL Indian Children's Scholarship Fund					0
Penny Trust Fund		2			2
Foster Care Trust Fund	34	463	379	17	893
Mental Health	23	516	410	11	960
Neighbors Helping Neighbors		1			1
Breast & Cervical Cancers Fund	28	659	454	16	1,157
4H Clubs	1	1			2
Cancer Institute	30	731	493	15	1,269
Organ Donation	1	1			2
National Guard					0
Alternative Fuel Research Fund		1	1		2
Alabama Association of Rescue Squads	14	247	217	6	484
AL Vet Medical Fund Spay-Neuter Program	26	386	335	12	759
Historic Preservation	25	249	218	8	500
Archive Services	11	106	119	3	239
Firefighters Annuity	19	289	242	7	557
Victims of Violence	23	377	281	14	695
Alabama Military Support Foundation	25	452	347	16	840
<b>TOTALS:</b>	<b>434</b>	<b>7,407</b>	<b>5,830</b>	<b>215</b>	<b>13,886</b>

Prepared by Department of Revenue  
Individual & Corporate Tax Division

## ADOR and ALEA Host Region II Conference

This year's American Association of Motor Vehicle Administrators (AAMVA) Region II Conference was hosted by the Alabama Department of Revenue and the Alabama Law Enforcement Agency (ALEA). Held June 21-24 at Montgomery's Renaissance Hotel and Spa at the Convention Center, the conference was attended by 392 representatives from 15 of the 16 Region II jurisdictions. They represented Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, U.S. Virgin Islands, Virginia and West Virginia.

ADOR Motor Vehicle Division Director and 2015 AAMVA Region II President Brenda Coone served as hostess of the conference. ADOR's Delois James and Deputy Commissioner Curtis Stewart represented the department with James singing the national anthem and Stewart extending the welcome. Sherry Helms, MV Registration Section Supervisor, and Lisa Blankenship, Title Customer Service and Dealer Licensing Unit Manager, served as presenters as they showcased some of the MV Division's innovative programs.

### Tax Calendar

(Continued from Page 6)

- 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.

### Statement of Gross Tax Collections

Through End of 4th Quarter FY 2015  
(July, Aug. and Sept. 2015)

	FYTD 2014-15	FYTD 2013-14	% Change
Business Privilege Tax	\$ 143,462,842.72	\$ 129,146,067.39	11.09
Gasoline	420,986,781.34	405,673,470.10	3.77
Income Tax-Corporate	567,440,761.21	469,220,261.16	20.93
Income Tax-Individual	3,929,550,712.62	3,752,015,058.34	4.73
Income Tax (Total)	4,496,991,473.83	4,221,235,319.50	6.53
Motor Fuels	142,718,001.85	141,362,798.89	0.96
Oil & Gas Privilege (8%)	52,426,080.67	85,131,031.51	(38.42)
Oil & Gas Production (2%)	17,818,046.52	28,431,603.70	(37.33)
Sales	2,152,518,608.86	2,079,475,726.49	3.51
Use Tax	323,166,593.94	319,424,603.07	1.17
Utility Gross Receipts	417,559,462.64	411,711,017.76	1.42
<b>SUBTOTAL</b>	<b>8,167,647,892.37</b>	<b>7,821,591,638.41</b>	<b>4.42</b>
<b>SUBTOTAL (OTHER TAXES)</b>	<b>1,610,896,623.22</b>	<b>1,580,967,632.06</b>	<b>1.89</b>
<b>TOTAL (ALL TAXES)</b>	<b>\$9,778,544,515.59</b>	<b>\$9,402,559,270.47</b>	<b>4.00</b>

### Interest Rates By Calendar Quarter

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

	1ST QTR	2ND QTR	3RD QTR	4TH QTR
<b>2001</b>	9%	8%	7%	7%
<b>2002</b>	6%	6%	6%	6%
<b>2003</b>	5%	5%	5%	4%
<b>2004</b>	4%	5%	4%	5%
<b>2005</b>	5%	6%	6%	7%
<b>2006</b>	7%	7%	8%	8%
<b>2007</b>	8%	8%	8%	8%
<b>2008</b>	7%	6%	5%	6%
<b>2009</b>	5%	4%	4%	4%
<b>2010</b>	4%	4%	4%	4%
<b>2011</b>	3%	4%	4%	3%
<b>2012</b>	3%	3%	3%	3%
<b>2013</b>	3%	3%	3%	3%
<b>2014</b>	3%	3%	3%	3%
<b>2015</b>	3%	3%	3%	3%

# 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

(Nov., Dec. 2015 and Jan., 2016)

**Nov.**

**10** • Quarterly NPM certification and bank verification due.

**30** • Last day to register and pay fee for manufactured homes without penalty.

**Dec.**

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

**31** • Property tax on real and personal property delinquent after this date.

- Expiration of the previous calendar year's motor fuel identification markers.
- Property Tax Assessments Delinquent after this date.
- Last day to claim Exemptions/Abatements on Ad Valorem tax assessments.

**Jan. 2016**

**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.

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