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ADOR Offers Simple Way for Internet Sellers to Remit Use Tax

MONTGOMERY, Sept. 4, 2015— By and large, it's been the burden of Alabama taxpayers to figure out how much tax they owe on internet purchases from sellers that don't have a presence in the state and don't charge tax. A voluntary program for such sellers being launched by the Alabama Department of Revenue could make the use tax obligation much simpler for everyone involved.

Effective Oct. 1, 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'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. The local portion of the simplified sellers 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 sellers use tax for as long as they remain in the program. The simplified sellers 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 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).

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