

Instructions on Filing The Oil and Gas Purchaser's Return

The first purchaser of oil, gas, and related products is required by the state of Alabama to file a purchaser's return regardless of responsibility for remitting taxes. Each month's related production and sales should be filed on a separate return. Corrections should be made on a separate amended return for each production month by replacing the previously filed return with a replacement return and reporting any additional tax due in the "TOTAL TAX REMITTED" box.

The "Amended Return" box must be checked on the O&G Purchaser-1 form.

O&G Purchaser-1 Form

The O&G Purchaser-1 form is a cover sheet for the monthly severance tax return (form O&G Purchaser-2). The individual counties, municipalities and the tax rates are consolidated on this sheet from the O&G Purchaser-2 form(s).

FEIN: Federal Employer's Identification Number issued to the company by the Federal Government.

Taxpayer and Mailing Address: Name the company is doing business under in the state of Alabama and the address used.

Contact Person and Telephone: Person to contact and their telephone number when questions regarding a tax return arise.

Production Period - Month/Year: The production period for which the report is being filed.

O&G Purchaser-2 Form

The O&G Purchaser-2 form is a schedule which lists the individual wells separated by county, municipality and privilege tax rate. Each county, municipality and different applicable privilege tax rate is required to be on a separate form.

Producer: The entity who owns an interest in the well(s) and the purchaser makes payment to this entity.

Well/Unit Name: The name of the well or unit as registered with the Alabama State Oil and Gas Board. Note: A unitized field should be reported as unit volumes versus the individual wells.

Permit Number: The number assigned to the well/unit by the Alabama State Oil and Gas Board.

Production Code: Codes representing the commodity the company is purchasing and remitting severance tax on for the producers.

Purchased Volume: The 100% volume which was purchased from the well.

Purchased Value: The 100% gross value which was paid for the purchased products.

Purchaser's Liability Volume: The volume the purchaser is responsible for remitting taxes on for the producers.

Purchaser's Liability Value: The gross amount paid for the volumes on which the purchaser is responsible for remitting taxes on for the producers. This value should equate to the company's remittance statement.

Exempt Interest: The percentage amount which is exempt from Severance Tax which has been approved by the Alabama Department of Revenue, Severance & License Section. Approval must be granted prior to deduction being taken.

Other: Any other deductions which are not subject to severance taxes.

Net Taxable Value: The Purchased Value less the deductions.