

ALABAMA DEPARTMENT OF REVENUE - SALES AND USE TAX RULES
Code of Alabama 1975, Sections 40-23-31 and 40-23-83

810-6-4-.14. Sales and Use Tax Direct Pay Permit.

(1) Where the Department finds that it is practically impossible at the time of purchase for a manufacturer, transportation company, or persons engaged in the business of mining, quarrying, compounding, or processing tangible personal property, or their vendors, to determine with any degree of certainty the applicability of sales or use tax upon purchases of tangible personal property and where it would facilitate and expedite the collection of the taxes to permit the manufacturer, transportation company, or person engaged in the business of mining, quarrying, compounding or processing tangible personal property to purchase tangible personal property without payment to the vendor of the sales or use tax upon, or with respect to, the property, the manufacturer, transportation company, or person engaged in the business of mining, quarrying, compounding or processing tangible personal property upon application therefor may be permitted to purchase tangible personal property without payment to the vendor of Alabama sales or use tax subject to the following conditions:

(a) The permit holder shall purchase all tangible personal property without payment of sales or use tax to the seller, and shall report and pay all sales and use tax directly to the Department of Revenue.

(b) The permit holder shall report the sales and use tax upon forms approved by the Department and shall pay the taxes directly to the State Department of Revenue. Unless the permit holder qualifies to file and pay sales and use taxes on a calendar quarter or calendar year basis, sales and use taxes must be reported and paid monthly on or before the twentieth day of the month following the month during which the tangible personal property was used for a taxable purpose. See Rule 810-6-5-.30 Filing and Paying State

Sales and Use Taxes and State-Administered County and Municipal Sales and Use Taxes on a Quarterly or Annual Basis. (Sections 11-51-211(a)(1), 11-51-211(a)(2), 40-23-7, and 40-23-68, Code of Alabama 1975)

(c) The permit holder shall be required to keep the books and records necessary to determine the permit holder's tax liability, which records shall be subject to examination by the Department.

(d) Upon demand of the Department, the permit holder shall execute a bond or indemnity agreement securing the payment of the taxes to the Department in an amount not exceeding estimated sales tax liability for three months and estimated use tax liability for six months.

(e) The permit does not extend to construction contracts. The contractor is the consumer of building materials used in the performance of construction contracts, and must pay the sales tax to the seller at the time of purchasing tangible personal property from vendors in Alabama, and use tax to the seller on purchases of tangible personal property from the vendors located outside of Alabama. If the use tax is not paid to the seller, the contractor is required to pay the tax directly to the Department of Revenue.

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810-6-4-14. (Continued)

(f) The permit shall not be transferable and may be canceled upon notice by registered mail to the permit holder.

(2) The application for a sales and use tax direct pay permit shall require the following information:

(a) Applicant's Federal Employer Identification Number,

(b) Applicant's legal name and complete mailing address,

(c) Business address(es) in Alabama including city, county, and street address or, if location is on highway or rural route, including details sufficient to allow Department personnel to find the place of business,

(d) Indication of the nature of business (e.g. steel manufacturing, auto manufacturer, etc.),

(e) Business phone number,

(f) Desired effective date of permit, and

(g) Signature and title of sole proprietor, each partner, or an elected corporate officer and the date of each signature.

(3) Sales and use tax direct pay permits issued by the Department of Revenue shall contain the following information:

(a) Taxpayer's direct pay permit number, legal name, and complete address,

(b) Permit holder's principal business location,

(c) Nature of the permit holder's business,

(d) Effective date of the permit,

(e) Statement of the conditions to which the permit is subject,

(f) Legal name of the applicant for the direct pay permit, the date the application was filed, and the date the Department of Revenue approved the application,

(g) Signature on behalf of the Department of Revenue and the date signed, and

(h) Attesting signature of the Departmental Secretary.

(4) Sales tax direct pay permit returns shall require the following information:

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810-6-4-14. (Continued)

- (a) Taxpayer's sales tax direct pay permit account number, legal name, and complete address,
- (b) Period covered by the return and due date of the return,
- (c) Estimated tax due for the current month, if applicable,
- (d) A breakdown, by applicable tax rate, of total gross purchases of tangible personal property from Alabama vendors,
- (e) Credit allowed for automotive vehicles traded in, if applicable,
- (f) A breakdown, by otherwise applicable tax rates, of total deductions claimed,
- (g) Measure of tax by applicable tax rate,
- (h) Gross tax due by applicable tax rate,
- (i) Total gross amount of tax due,
- (j) Estimated tax paid on previous month's return, if applicable,
- (k) Tax due after deducting credit for previous month's estimate,
- (l) Total tax due (tax due plus current month's estimate), if applicable,
- (m) Penalties and interest due, if applicable,
- (n) Credits claimed,
- (o) Total amount due,
- (p) Total amount remitted,
- (q) An indication if payment of tax is made through electronic funds transfer (EFT), and
- (r) Taxpayer's signature and the date signed.

(5) Only purchases from Alabama vendors shall be reported by the permit holder on the return outlined in paragraph (4). Purchases by direct pay permit holders from out-of-state vendors shall be reported separately on consumer use tax returns. (Amended August 16, 1974, readopted through APA effective October 1, 1982, amended June 5, 1992, amended April 1, 1996, amended October 20, 1998)