

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

**810-6-5-.03. Contractors Gross Receipts Tax.**

(1) Code of Alabama 1975, Section 40-23-50, levies a privilege or license tax upon every person, firm, or corporation engaged or continuing within this state in the business of contracting to construct, reconstruct, or build any public highway, road, bridge, or street, an amount equal to 5 percent of the gross receipts of any such business.

(2) The term “reconstruct” as used in this rule means to construct again or repair an existing public highway, road, bridge, street, or tunnel.

(3) The contractors gross receipts tax referenced in (1) above applies to any contract between a contractor or contract assignee and the State of Alabama or between a contractor and any city, town, or county if the State of Alabama is a joint party with the city, town, or county to construct, reconstruct, or build any public highway, road, bridge, street, or tunnel and includes but is not limited to contracts for:

- (a) Earthwork,
- (b) Bases,
- (c) Surfacing,
- (d) Pavements,
- (e) Structures,
- (f) Incidentals, which become a part of the highway, road, bridge, street, or tunnel,
- (g) Traffic control devices,
- (h) Highway lighting,
- (i) Materials,
- (j) Bridge scouring and painting,
- (k) Installation or repair of overhead signs and/or structure footings, and
- (l) Sign rehabilitation.

(4) The contractors gross receipts tax referenced in (1) above applies to all payments made to a contractor or contract assignee by the State of Alabama whether the payments are made pursuant to a contract, purchase order, supplemental agreement, change request or other arrangement to construct, reconstruct, or build any public highway, road, bridge, street, or tunnel.

(Continued)

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

**810-6-5-.03. (Continued)**

(5) The contractors gross receipts tax referenced in (1) above does not apply to the following:

(a) Contracts between a contractor or contract assignee and the federal government,

(b) That portion of the gross receipts received by the contractor or contract assignee constituting additional amounts paid to the contractor or contract assignee under contractual escalation provisions allowing for an increase in the contract price for escalations in the cost of fuels, materials, and/or labor,

(c) Gross receipts received by a contractor or contract assignee from contracts with the State of Alabama to construct, reconstruct, or build rest areas or welcome stations,

(d) Contracts between a contractor or contract assignee and any city, town, or county when the State of Alabama is not a party to the contract, and

(e) Contracts that do not include or require the construction, reconstruction, or building of a public highway, road, bridge, street, or tunnel. (Misener Marine Construction, Inc. v. Eagerton, 423 So.2d 161 (1982))

(6) The contractors gross receipts tax shall be due and payable in monthly installments on or before the twentieth day of the month next succeeding the month in which a payment subject to this tax is received by the contractor or contract assignee. Every person, firm, or corporation on whom the tax is levied shall prepare and forward to the Department of Revenue within the time fixed and prescribed by law, a contractors gross receipts tax return for each calendar month and shall compute the tax due and shall pay to the Department of Revenue the amount of tax shown to be due. Contractors gross receipts tax returns shall require the following information:

(a) Taxpayer's contractors gross receipts tax account number and legal name,

(b) Period covered by the return and due date of the return,

(c) A project schedule showing each taxable project number for which a payment was received by the taxpayer from the Alabama Transportation Department, the total amounts of the payments received on each taxable project, any escalation payments included in the gross amounts received, and the taxable amount received for each taxable project,

(d) Total taxable receipts from all contracts, purchase orders, supplemental agreements, and change requests,

(e) Gross tax on total taxable receipts,

(Continued)

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

**810-6-5-.03. (Continued)**

- (f) Applicable discount for prompt payment,
- (g) Penalties and interest due, if applicable,
- (h) Credits claimed, if any,
- (i) Total amount due, and
- (j) Total amount remitted.

(Adopted September 20, 1963, amended April 12, 1973, amended October 29, 1976, readopted through APA effective October 1, 1982, amended January 10, 1985, amended July 7, 1989, amended April 1, 1996, amended February 23, 2006)