

**ALABAMA DEPARTMENT OF REVENUE
BUSINESS & LICENSE TAX DIVISION
TOBACCO TAX RULE**

810-7-1-.17. Quarterly Certifications and Escrow Deposits.

(1) To promote compliance with Title 6, Chapter 12A, the Commissioner may require nonparticipating manufacturers to certify their compliance quarterly with the Alabama tobacco master settlement agreement act. The Commissioner may also require nonparticipating manufacturers to make the escrow payments required by Section 6-12-3, Code of Alabama 1975, at quarterly intervals during the year in which the sales covered by such payments are made. This rule applies to nonparticipating manufacturers who meet any of the following criteria:

(a) **No Previous Escrow Deposit.** Nonparticipating manufacturers that have not previously established and funded a qualified escrow fund in Alabama.

(b) **No Escrow Deposit for More Than One Year.** Nonparticipating manufacturers that have not made any escrow deposits for more than one (1) year.

(c) **Untimely or Incomplete Deposits.** Nonparticipating manufacturers that have failed to make a timely and complete escrow deposit for any prior calendar year.

(d) **Outstanding Judgments.** Nonparticipating manufacturers that have failed to pay any judgment, including any civil penalty.

(e) **Large Sales Volume.** Nonparticipating manufacturers that have more than 1,600,000 of their cigarettes sold during a quarter.

(f) **Other Reasonable Cause.** In addition to the reasons specified above, the Commissioner may require quarterly escrow deposits from a nonparticipating manufacturer if the Commissioner has reasonable cause to believe the nonparticipating manufacturer may not make its full required escrow deposit by April 15 of the year following the year in which the cigarette sales were made.

(2) Nonparticipating manufacturers, who are required to make quarterly escrow deposits, must provide the Commissioner with bank verification of the quarterly escrow deposit no later than ten (10) days after each quarterly deposit date. Nonparticipating manufacturers must also provide their quarterly certifications of sales activity and required deposits within the same deadline. For example, the deadline for certifying and providing bank verification to the Commissioner of a quarterly escrow deposit for sales of cigarettes that occurred in February is May 10 of the same year.

(3) For purposes of this rule, the calendar year shall be divided into the following quarters: January 1 through March 31; April 1 through June 30; July 1 through September 30; and October 1 through December 31. The quarterly deposit date shall be the last day of the month following the end of the quarter.

(4) If the required quarterly escrow deposit is not timely made in full, or the required quarterly certification is not provided to the Commissioner, or the Commissioner does not receive timely bank verification of the quarterly escrow deposit, the delinquent nonparticipating manufacturer and its brand families may be removed from the directory.

(Statutory Authority §§ 40-2A-7(a)(5), 6-12A-3 and 6-12A-7(d), Code of Alabama 1975, effective September 17, 2004.)