For more information on Contractors Gross Receipts Tax, please see Section 40-23-50, *Code of Alabama 1975*, and Alabama Department of Revenue Rule 810-6-5-.03 by going to https://revenue.alabama.gov/wp-content/uploads/2017/05/810-6-5-.03.pdf.
What is Contractors Gross Receipts Tax?

Contractors Gross Receipts Tax is a privilege tax imposed on persons, firms, and corporations engaged in the business of contracting to construct, reconstruct, or build public highways, roads, bridges, streets, or tunnels for the Alabama Department of Transportation. These contracts may include but are not limited to the following:

- Earthwork
- Bases
- Surfacing
- Pavements
- Structures
- Incidentals such as:
  - Traffic control devices
  - Highway lighting
  - Materials
  - Bridge scouring and painting
  - Installation or repair of overhead signs
  - Installation of structure footings
  - Sign rehabilitation

What is the tax rate?

The contractors gross receipts tax rate is five percent (5%) and applies to all payments made to the contractor or contract assignee whether the payments are made pursuant to a highway letting contract, purchase order, supplemental agreement, change request or other arrangement to perform work for the Alabama Department of Transportation.

What is not subject to contractors gross receipts tax?

- Direct contracts with the federal government when the state of Alabama is not listed as a joint party.
- Direct contracts with any city, town, or county when the state of Alabama is not listed as a joint party.
- Contracts with the state of Alabama to construct, reconstruct, or build rest areas or welcome stations.
- Contracts that do not include or require the construction, reconstruction, or building of any public highway, road, bridge, street, or tunnel. *(Example: mowing and/or landscaping, parking lots, fencing, etc.)*
- The portion of gross receipts payments made to the contractor or contract assignee under contractual escalation provisions.

What is escalation?

Escalation occurs when there is a sudden increase in the cost of fuel, material, and/or labor. Escalation payments are additional payments made to the contractor or contract assignee on highway contracts that allow for an increase in the overall contract price.

What is the due date for filing and paying the contractors gross receipts tax?

Returns and remittances are due on or before the 20th day of the month following the month in which a payment was received.

*Example: Payments received in January are due by February 20th.*

Returns are required to be filed electronically (EFT) using the following method:

- [https://myalabamataxes.alabama.gov](https://myalabamataxes.alabama.gov)

Effective October 1, 2006, Act No. 2006-552 requires all payments that are $750 or greater to be paid by using EFT, ACH Debit or ACH Credit. Information is available at [http://www.revenue.alabama.gov/sales-use/e-filing-payments-assistance/eft-threshold-of-750/](http://www.revenue.alabama.gov/sales-use/e-filing-payments-assistance/eft-threshold-of-750/).

How do I register for a Contractors Gross Receipts Tax account?

To register for a Contractors Gross Receipts Tax account you must contact the Alabama Department of Revenue, Sales and Use Tax Division at (334) 242-1490 to request a Registration Application.

Please mail your completed application along with any tax due to:

Alabama Department of Revenue
Entity Registration Unit
P.O. Box 327100
Montgomery, AL 36132-7100

If you need assistance, please call (334) 242-1490 or come to our Montgomery office at 50 North Ripley Street, Room 4303.