

Revenue REVIEW

2nd Quarter
FY 2016
(January, February,
March 2016)

A Quarterly Publication of the Alabama Department of Revenue



Commissioner Magee speaking about ID theft and tax fraud at a press conference on Jan. 28.

Commissioner Magee and Attorney General Luther Strange teamed up for Tax Identity Theft Awareness Week Press Conference

On Jan. 28 Commissioner Magee and Attorney General Luther Strange held a press conference to bring attention to the battle the state and country are fighting against identity theft and tax fraud. Tax Identity Theft Awareness Week, Jan. 25-29, was designated by the Federal Trade Commission to bring awareness to the growing problem this issue has become for consumers, businesses and the government.

Magee spoke about her work with the IRS on the Security Summit and the Taxes Security Together campaign. The goal of this campaign has been to educate taxpayers and give them tips on how to protect themselves.

ADOR continues to partner with the Attorney General's office to work tax evasion cases, educate taxpayers on

prevention and to work toward legislation that will help notify taxpayers of these security breaches.

Magee also announced the introduction of the new notification system that can be accessed through My Alabama

Taxes. Taxpayers who opt-in for this service will be notified when a tax return is filed using their Social Security number. This service can help alert taxpayers to the possibility that criminals have their information and are using it.

New Service Offered by ADOR Notification of Return Received

If you have registered at My Alabama Taxes, and have access to your Individual Income Tax account, you can opt-in to a service that will notify you when ADOR receives Individual Income Tax returns that have been filed using your Social Security number. This service can help alert you to the possibility that criminals have your information and are using it to steal money from you and the state. You can opt-in by logging in to your MAT account and following the link, "Notify Me of Filed Returns."

Commissioner of Revenue for the 2016 YMCA Youth Legislature visited ADOR

On Feb. 25 Deputy Commissioner Stewart attended the YMCA Youth Legislature Governor’s Cabinet Luncheon with Clayton Lawing, Commissioner of Revenue for the 2016 Youth Legislature conference. They enjoyed lunch at the Capital City Club and then met in the commissioner’s office to discuss the job of the revenue commissioner, politics and government.

Lawing is from Montgomery and is a senior at the Loveless Academic Magnet Program High School.

He actively participates in Youth in Government as well as directing his school’s Model United Nations conference. “My general belief in youth involvement in government is that the youth of our nation will continue to be labeled as apathetic unless they put their best foot forward to address global problems,” said Lawson.

He will be a first generation college student and is hoping to attend Princeton University in the fall. His future goals are to work within the state or federal government with the hopes of becoming a judge, possibly on the Supreme Court.



Deputy Commissioner Curtis Stewart meeting with Clayton Lawing after the cabinet luncheon.

Statement of Gross Tax Collections

Through End of 2nd Quarter FY 2016
(January, February, March 2016)

	FYTD 2015-16	FYTD 2014-15	% Change
Business Privilege Tax	\$ 93,626,087.43	\$ 91,814,824.56	1.97
Gasoline	208,130,216.95	201,222,883.88	3.43
Income Tax-Corporate	211,314,905.21	272,644,652.10	(22.49)
Income Tax-Individual	1,915,599,566.65	1,822,830,903.73	5.09
Income Tax (Total)	2,126,914,471.86	2,095,475,555.83	1.50
Motor Fuels	72,777,517.64	69,666,184.32	4.47
Oil & Gas Privilege (8%)	15,573,912.90	32,020,811.75	(51.36)
Oil & Gas Production (2%)	5,089,815.51	10,917,110.99	(53.38)
Sales	1,100,319,644.28	1,047,379,506.61	5.05
Use Tax	181,292,251.32	157,917,948.18	14.80
Utility Gross Receipts	194,664,327.65	207,861,448.70	(6.35)
SUBTOTAL	3,998,388,245.54	3,914,276,274.82	2.15
SUBTOTAL (OTHER TAXES)	982,864,505.55	944,882,621.39	4.02
TOTAL (ALL TAXES)	\$4,981,252,751.09	\$4,859,158,896.21	2.51

Motor Vehicle Representatives Demo OIVS

On Feb. 23, representatives with the Florida Department of Highway Safety and Motor Vehicles met with representatives of the Motor Vehicle Division and University of Alabama to discuss Alabama's Online Insurance Verification System (OIVS).

Alabama's system allows law enforcement, licensing officials, and the department to verify, in real time, liability insurance coverage on all registered vehicles. Alabama was one of the first states to implement an online insurance verification system in accordance with the Insurance Industry Committee on Motor

Vehicle Administration (IICMVA) model. Florida is interested in updating their current insurance system to include online insurance verification. Motor Vehicle Division representatives have also recently met with representatives from Tennessee, North Carolina, Kansas, Ohio and Iowa.



Motor Vehicle's Sherry Helms meeting with representatives from the Florida Department of Highway Safety and Motor Vehicles.

Airbnb to Start Paying Taxes on Behalf of its Hosts in Alabama

On March 1, Airbnb, a San Francisco-based tech company that provides an online place to list, find and rent short-term lodging, will begin collecting and remitting taxes for its hosts in Alabama. Pursuant to an agreement with the Alabama Department of Revenue, Airbnb will collect the state's Transient Occupancy Tax, as well as local lodgings taxes if the responsibility for collection of those taxes has been assigned to the Department. With the agreement, Alabama joins a handful of

states and taxing jurisdictions where Airbnb has agreed to collect and remit lodgings taxes.

This development is a huge benefit for the state. The agreement with Airbnb, and the community marketplace's growing presence in the state, means additional, much-needed revenues for the state and many Alabama cities and counties. While properties rented through Airbnb were always subject to state and local lodgings

taxes, the responsibility was on the host to remit, and Department oversight of those collections was administratively burdensome.

"This agreement will increase compliance in this area, and I commend Airbnb's willingness to take the steps necessary to ensure that the appropriate taxes are being remitted," said Revenue Commissioner Julie Magee. "It's a win for both the state and for Airbnb customers."

Administrative Rules

Effective February 10, 2016:

Adopted:

- 810-6-5-.02.01 State Sales and Use Tax Certificate of Exemption for Entities Having a Statutory Exemption from the Payment of Sales, Use, and Lodgings Taxes
- 810-5-8-.10 Mandatory Liability Insurance (MLI) Questionnaire and Notice of Suspension
- 810-5-8-.06 Mandatory Liability Insurance (MLI) Registration Reinstatement Procedures

Amended:

- 810-6-5-.02 State Sales and Use Tax Certificate of Exemption (Form STE-1) - Issued for Wholesalers, Manufacturers and Other Product Based Exemptions
- 810-6-3-.42.03 Sales of Certain Automotive Vehicles to Nonresidents for First Use and Registration or Titling Outside Alabama
- 810-2-6-3-.42.02 Nonresidents, Sales to
- 810-6-1-.46 Contractor's Liability
- 810-5-8-.05 Evidence of Insurance Requirements
- 810-5-8-.02 Issuance of Certificate of Cash Bond and Satisfaction of Judgements
- 810-5-8-.01 Issuance of Certificate of Motor Vehicle Liability Bond
- 810-5-1-.442 Farm and Forest Products License Plates
- 810-5-1-.238 Registration in Motor Vehicles Not Subject to Titling

Interest Rates Increase for Second Quarter of 2016

Interest rates for the calendar quarter which began April 1, 2016, increased to four (4) percent, according to Internal Revenue Bulletin No. 2016-41, dated March 16, 2016. Under Sect. 40-1-44, Code of Alabama 1975, the Department of Revenue will calculate interest on underpayments and overpayments (where applicable) at this same annual rate (4%); however, land sold by the state for taxes, shall be calculated at 12% in accordance with Sect. 40-5-9.

Repealed:

- 810-5-1-.237 Mandatory Liability Insurance (MLI) Registration Reinstatement Procedures
- 810-5-1-.228.01 Sending in Monthly Vehicle Reports

Effective March 12, 2016:

Amended:

- 810-5-1-.470 Reciprocity Trip Permits

Effective March 28, 2016

Amended:

- 810-9-1-.05 Apportionment and Allocation of Net Income of Financial Institutions
- 810-6-1-.130 Printers
- 810-3-26-.02 Voluntary Withholding of Alabama Income Tax from Nonwage Payments
- 810-3-26-.01 Information Returns

Tax Calendar

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June

- 15th** • Second installment of estimated corporate income tax due (for calendar-year taxpayers).
- Second installment of estimated personal income tax due.

July

- 1st** • Quarterly Dry Cleaning Trust Fund Fee return and payment due.
- Utility License (2.2%) fourth quarterly payment due.

10th

- Quarterly Hospital Assessment for Medicaid Tax due.

20th

- Quarterly sales tax return and payment due.

- Quarterly use tax return and payment due.
- Quarterly rental or leasing tax return and payment due.
- Quarterly Solid Waste Disposal Fee return and payment due.

30th

- Quarterly forest products' severance tax return and payment due.

31st

- Quarterly NPM payment due into escrow.
- Quarterly withholding return and payment due from employer.
- Quarterly IFTA tax return and payment due.
- Quarterly Construction Employer Fee due.

August

- 10th** • Quarterly NPM certification and bank verification due.

Interest Rates By Calendar Quarter

(Established by: 26 USCA 6621; Sect. 40-1-44, Code of Alabama 1975)

	1ST QTR	2ND QTR	3RD QTR	4TH QTR
2006	7%	7%	8%	8%
2007	8%	8%	8%	8%
2008	7%	6%	5%	6%
2009	5%	4%	4%	4%
2010	4%	4%	4%	4%
2011	3%	4%	4%	3%
2012	3%	3%	3%	3%
2013	3%	3%	3%	3%
2014	3%	3%	3%	3%
2015	3%	3%	3%	3%
2016	3%	4%		

Tax Calendar

Required Monthly Returns Tax Activity

10th • Medicaid-related tax return and payment due for nursing facilities.

- Tobacco use tax return and payment due.

15th • Gasoline information return due from carriers, transporters, and warehouses.

- Lubricating oils information return due from carriers, transporters, and warehouses.
- Motor carrier mileage tax return and payment due.
- Oil and gas production tax and privilege tax return and payment due two months following month of production.
- Withholding return and payment due from those employers required to remit on a monthly basis

20th • Aviation fuel tax return and payment due.

- Coal severance tax return and payment due.
- Coal transporters' and purchasers' returns due.
- Contractors' gross receipts tax return and payment due.
- Gasoline tax return and payment due.
- Iron ore severance tax return and payment due.
- Local solid minerals tax returns and payments due.
- Lodgings tax return and payment due.
- Lubricating oils tax return and payment due.
- Medicaid tax return and payment due from pharmaceutical service providers.
- Mobile telecommunications service tax return and payment due.
- Motor fuel tax return and payment due.
- Pari-mutuel pool tax return and payment due.
- Rental or leasing tax return and payment due.
- Sales tax (state and local) return and payment due.
- Scrap Tire Environmental Fee due.
- Tobacco tax (state and county) return and payment due.
- Underground and aboveground storage tank trust fund charge due.
- Uniform Natural Minerals tax return and payment due.
- Use tax return and payment due.
- Utility gross receipts tax return and payment due.

30th • Hazardous waste fee return and payment due.

Last day

- of month • State horse wagering fee return and payment due.

Quarterly/Annual Tax Activity

(April, May, June, July, August 2016)

April

1st • Annual Dry Cleaning Trust Fund Fee return and payment due by wholesalers of dry cleaning agents.

- Quarterly Dry Cleaning Trust Fund Fee return and payment due.
- Utility license (2.2%) third quarterly payment due.

10th • Quarterly Hospital Assessment for Medicaid Tax due.

15th • Annual NPM payment due into escrow.

- Estimated personal income tax and first installment due.
- Financial institutions' excise tax return and payment due.
- Business Privilege tax return due for limited liability entities.
- First installment of estimated corporate income tax due (for calendar-year taxpayers).

Note: *Other fiscal-period taxpayers pay their corporate estimated tax on the 15th day of the fourth, sixth, ninth, and twelfth months of their tax year and file their return on the 15th day of the third month following the close of their tax year.*

- Partnership income tax return due.
- Personal income tax return and payment due.

20th • Quarterly sales tax return and payment due.

- Quarterly use tax return and payment due.
- Quarterly rental or leasing tax return and payment due.
- Quarterly Solid Waste Disposal Fee return and payment due.

30th • Annual TPM certification due.

- Annual NPM certification and bank verification due.
- Quarterly forest products' severance tax return and payment due.
- Quarterly NPM payment due into escrow.
- Quarterly withholding return and payment due from employer.
- Quarterly IFTA tax return and payment due.
- Quarterly Construction Employer Fee due.

May

10th • Quarterly NPM certification and bank verification due.

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