

Revenue REVIEW

2nd Quarter
FY 2017
(January, February,
March 2017)

A Quarterly Publication of the Alabama Department of Revenue

Tax Analysts Names Deputy Commissioner Joe Garrett Jr. an Administrator of the Year



Deputy Commissioner Joe Garrett

Tax Analysts released an article announcing Deputy Commissioner Joe Garrett as one of its Administrators of the Year, along with Michael Fatale of the Massachusetts Department of Revenue and Andy Gerlach of South Dakota's Department of Revenue.

The journal described Garrett as a "notable administrator for 2016." Garrett received the recognition for regularly speaking at state and local tax conferences, as well as his leadership within the MTC — specifically on its State Intercompany

Transaction Advisory Service Committee, which he chairs. The panel conducted its first case discussions in October.

Tax Analysts is a nonprofit publisher of weekly magazines and daily online journals on tax policy and administration.

Commissioner Magee Elected President of the Federation of Tax Administrators' Board of Trustees

Commissioner Julie Magee was elected President of the Federation of Tax Administrators' Board of Trustees (FTA) in March due to a vacancy caused by the resignation of previous president Dawn Cash.

"I am honored the board has placed their confidence in me to step in and fill this position," said Magee. "We will continue striving to improve the standards and methods of tax administration, which will ultimately benefit taxpayers."

The Federation of Tax Administrators, organized in 1937, is a nonprofit organization that serves the principal tax collection agencies of the 50 states, the District of Columbia, and the city of New York. The work of the FTA is directed and governed by an 18-member board of trustees, composed of tax administrators representing all regions of the country. Its mission is to improve the standards and methods of tax administration.



Commissioner Julie Magee

Easy Look-Up of ONE SPOT and Simplified Sellers Use Tax Distributions Launched

The Alabama Department of Revenue launched a new Web portal through which anyone can find out how much revenue was reported to specific localities through the ONE SPOT or Simplified Sellers Use Tax (SSUT) programs.

“ONE SPOT and the Simplified Sellers Use Tax program benefit not only taxpayers and state government, but they also benefit Alabama’s cities and counties,” said Revenue Commissioner Julie P. Magee. “These programs have made tax compliance simpler for businesses, and this Web portal will make it simpler for local governments to see the value of these programs.”

Made available to the public through My Alabama Taxes (MAT) at <https://myalabamataxes.alabama.gov/?link=disbursement>, this portal enables anyone to easily look up the amount of revenue that has been distributed to a specific locality during a chosen timeframe through each of these programs. Both state-partnered localities and those localities who have not partnered with the state for tax administration can access ONE SPOT distributions. Quarterly SSUT distributions can also be searched through the portal.

Launched in 2013, ONE SPOT (Optional Network Election for Single Point Online Transactions) gives taxpayers a single electronic point for filing all county and municipal sales, use, rental and lodging taxes. This easy method of filing in MAT has

been a factor in increasing compliance and bringing new taxpayers on board, which in turn helps local governments provide more and better services for taxpayers.

The Simplified Sellers Use Tax program is a voluntary program for eligible sellers who sell tangible personal



property into Alabama from a location outside of the state and do not have a physical presence within the state. The program allows such sellers to collect and remit a flat 8 percent tax on sales, which is distributed among the state, counties and

municipalities. As more sellers join the program each month, the increased revenue continues to provide greater benefits for Alabama citizens.

Changes to Reporting Involuntary Transfers due to Court Order

Legislative Act 2016-358 amended Section 32-8-46, *Code of Alabama* 1975, changing the requirement for reporting involuntary transfers due to court order.

Effective Jan. 1, 2017, a person or entity initiating an involuntary transfer by operation of law is required to give notice of the action to the Department at least 35 calendar days prior to the date of the transfer. The person or entity shall utilize the Department’s Involuntary Transfer portal (<https://tobol.mvtrip.alabama.gov/>) to report the transfer of ownership. The notice provisions shall not apply to a motor vehicle transferred pursuant to a divorce decree, or to a motor vehicle transferred pursuant to documents creating a lien or other security interest in the motor vehicle. An application for certificate of title may not be issued for a motor vehicle subject to these provisions until the notice requirements are satisfied. The link to the Involuntary Transfer portal is available on the Motor Vehicle Division Web page and on the Motor Vehicle Title, Registration and Insurance Portal (MVTRIP).

The Department’s Electronic Title Application Processing System (ETAPS) will not allow the creation of an application for certificate of title for an involuntary transfer as the result of a court order until the transfer has been reported to the Department, using the Involuntary Transfer Portal, and the 35-day notification period has expired. The Department will reject applications for certificate of title for failure to comply with the notification requirements.

Administrative Rules

Effective January 21, 2017:

Amended:

810-3-28-.01 Partnership Returns

Effective March 4, 2017:

Adopted:

810-5-1-.205 Commitment to Purchase Distinctive License Plates

Amended:

810-3-24.2-.01 Composite Returns of Pass-through Entities

Effective March 11, 2017:

Repealed:

810-3-80-.01 Penalties

Revenue Lands First Place in this Year's State Combined Campaign

At the 2016 State Combined Campaign Awards Ceremony in January, Commissioner Magee announced the Department of Revenue came in first place in this year's campaign, reaching 196.74% of our goal with 146.76% participating.



Thank you to all of our generous employees for going above and beyond this year and giving to some very deserving charities. The State Combined Campaign raised a total of \$787,179, exceeding its goal. Thank you to everyone who participated.



As chairwoman of the State Combined Campaign, Commissioner Magee recognizes the Department of Revenue for its first place achievement with employees Jennifer Ross – Information Technology, Human Resources Director and department coordinator Linda Ellis, department coordinator Bernice McGhee – Human Resources, Ahmad Stringer – Individual and Corporate Tax, Mary K. Phillips – Legal, Stephanie Harris – Motor Vehicle, and Priscilla Rivera – Collections.

YMCA Youth Counterpart Meets Commissioner Magee

Commissioner Magee met with her YMCA Youth Counterpart as part of the 69th Alabama YMCA Youth Legislature Program. Adam Peck, a senior at LAMP High School in Montgomery, was selected as a Youth Cabinet member for revenue. During his time at the department, he was given a goody bag full of ADOR material and supplies, met the commissioner’s office staff and had lunch with Commissioner Magee.



YMCA Youth Counterpart Adam Peck meeting with Commissioner Magee.

Results of 2016 Tax Amnesty Program Reported

The Alabama Department of Revenue released the 2016 Alabama Tax Amnesty Program Executive Summary, which detailed the results of the program. Approved taxpayers received a three-year look-back period, waiver of penalties, and waiver of one-half interest.

The Department received gross collections of \$5.6 million from taxpayers approved for amnesty.

“The Department of Revenue was happy to give these taxpayers the opportunity to do the right thing and come forward,” said Revenue Commissioner Julie P. Magee. “Millions of dollars of revenue are now where they should be, funding education and other services for Alabama citizens.”

The Alabama Tax Amnesty program, established by Act 2015-555, was available June 30 – Aug. 30, 2016, to taxpayers who had not been contacted by ADOR and were not parties to any criminal investigation or criminal litigation in any court in the U.S. or in the State of Alabama. The program applied to all taxes, except motor fuel taxes, administered by the Department of Revenue.

“I’m pleased that this legislation helped recover more than \$5 million in funds for the education budget,” said Senator Tim Melson, sponsor of the amnesty legislation. “This program was a win-win for taxpayers and the state, and I’m proud of the work done in the Legislature and by the Department of Revenue to bring it to fruition.”

Tax Calendar

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June

- 15 • Second installment of estimated corporate income tax due (for calendar-year taxpayers).
- Second installment of estimated personal income tax due.
- 22 • Quarterly NPM bond due.

July

- 1 • Quarterly Dry Cleaning Trust Fund Fee return and payment due.
- Utility License (2.2%) fourth quarterly payment due.
- 10 • Quarterly Hospital Assessment for Medicaid Tax due.
- 20 • Quarterly sales tax return and payment due.

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Tax Calendar

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- 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.

30 • Quarterly forest products' severance tax return and payment due.

31 • 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

10 • Quarterly NPM certification and bank verification due.

Interest Rates Remained the Same for Second Quarter of 2017

Interest rates for the calendar quarter which began April 1, 2017, remained at four (4) percent, according to Internal Revenue Bulletin No. 2017-12, dated March 20, 2017. 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 (3%); however, land sold by the state for taxes, shall be calculated at 12% in accordance with Sect. 40-5-9.

Statement of Gross Tax Collections

Through End of 2nd Quarter FY 2017
(January, February, March 2017)

	FYTD 2016-17	FYTD 2015-16	% Change
Business Privilege Tax	\$ 98,858,228.77	\$ 93,626,087.43	5.59
Gasoline	248,896,222.83	208,130,216.95	19.59
Income Tax-Corporate	175,164,484.43	211,314,905.21	(17.11)
Income Tax-Individual	2,026,770,653.90	1,915,599,566.65	5.80
Income Tax (Total)	2,201,935,138.33	2,126,914,471.86	3.53
Motor Fuels	85,281,330.11	72,777,517.64	17.18
Oil & Gas Privilege (8%)	17,276,491.46	15,573,912.90	10.93
Oil & Gas Production (2%)	5,723,231.16	5,089,815.51	12.44
Sales	1,117,936,149.30	1,100,319,644.28	1.60
Use Tax	189,943,659.78	180,810,080.04	5.05
Utility Gross Receipts	195,515,425.60	194,664,327.65	0.44
SUBTOTAL	\$4,161,365,877.34	\$3,997,906,074.26	4.09
SUBTOTAL (OTHER TAXES)	\$1,034,722,412.42	\$ 983,346,676.83	5.22
TOTAL (ALL TAXES)	\$5,196,088,289.76	\$4,981,252,751.09	4.31

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%	4%	4%
2017	4%	4%		

Tax Calendar

Required Monthly Returns Tax Activity

- 10** ● Tobacco use tax return and payment due.
● Monthly Jenkins Act Report
- 15** ● Motor carrier mileage tax return and payment due.
● Oil and gas production tax and privilege tax return and payment due the second month following the month of production.
● Withholding return and payment due from those employers required to remit on a monthly basis.
- 20** ● Alabama Uniform Natural Minerals 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.
● Inspection Fee return and payment due.
● Local solid minerals tax returns and payments due.
● Lubricating oils tax return and payment due.
● Medicaid-related tax return and payment due for nursing facilities.
● Medicaid tax return and payment due from pharmaceutical service providers.
● Mobile telecommunication services tax return and payment due.
● Pari-mutuel pool tax return and payment due.
● Prepaid Wireless 9-1-1 Charge return and payment due.
● Rental or leasing tax (state and local) return and payment due.
● Sales tax (state and local) return and payment due.
● Schedule D (NPM Cigarette Activity) report due.
● Scrap Tire Environmental Fee return and payment due.
● Simplified Sellers Use Tax
● Tobacco tax (state and county) return, reports and payment due.
● Transient Occupancy (Lodgings) tax (state and local) return and payment due.
● Underground and aboveground storage tank trust fund charge due.
● Use tax (state and local) return and payment due.
● Utility gross receipts tax return and payment due.
- 22** ● Blender return and payment due.
● Exporter return due.
● Importer return due.
● Supplier/Permissive Supplier return and payment due.
- 30** ● Hazardous waste fee return and payment due.
● State horse wagering fee return and payment due.
● Terminal Operator return Transporter return due.

Quarterly/Annual Tax Activity

(January, February, March, April 2017)

April

- 1** ● 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.
- 10** ● Quarterly Hospital Assessment for Medicaid Tax due.
- 15** ● 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.
- 20** ● 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.
- 30** ● 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

- 10** ● Quarterly NPM certification and bank verification due.

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