

Revenue REVIEW

1st
Quarter
FY 2007
(October, November,
December 2006)

A Quarterly Publication of the Alabama Department of Revenue

Officials Introduce State's First Digital Tag

Representatives from the Alabama Department of Revenue, the Alabama Department of Corrections, and the Alabama Department of Public Safety, joined by several county and state dignitaries, held a press conference Oct. 10 on the State House steps to introduce the state's new Digital License Plate System.

Montgomery County Probate Judge McKinney presented the state's first digitally-produced tag to Ms. Ruby Smith, active member of the Montgomery Alumnae Chapter of Delta Sigma Theta Sorority, Inc.

Hailed as a milestone in technology

upgrade, the system provides digital license plates which are flat and lightweight, made of aluminum. Their increased reflectivity will aid law enforcement, and an embedded

hologram and bar code will eliminate counterfeiting and eliminate overstocking and low inventory in the county offices which distribute the tags.



Check out the 2007 New Business Workshop Schedule

ADOR's New Business Workshops have something to offer new and existing business owners. The free workshops cover a variety of business tax information topics, including employer withholding taxes, state and local sales taxes, property taxes, and business licensing requirements. Alabama's business tax electronic filing programs and state tax law changes affecting business taxpayers are highlighted. Jackson, Ala., joins the department's newest lineup of host cities Feb. 13, 2007. See the 2007 New Business Workshop Schedule for a detailed listing of workshop locations and times.

Luke Cooley, Houston County Probate Judge and chair of the Probate Judges Association Tag and Title Committee, thanks the departments of Revenue and Corrections, as well as the Legislative Oversight Committee on License Plates, for the new system. "We can reduce the lines in our offices, simplify this process and provide better service to our customers, the citizens of Alabama," she says. Former Public Safety Director Col. Mike Coppage looks on.



Ruby Smith (left front) holds the state's first digitally-produced license plate, presented to her by Montgomery County Probate Judge Reese McKinney (right). Standing in the rear are (l to r) Rep. Arthur Payne, former Sen. Gerald Dial and Andy Farquhar, Correctional Industries Director.



State Revenue Commissioner Tom Surtees (at podium) explains the cost-saving advantages of the new digital license plate. Joining him are (left front) Col. Mike Coppage, former Director, Department of Public Safety; (back row) Cindy Neilson, Marengo County Probate Judge; Luke Cooley, Houston County Probate Judge, chair of the Probate Judges Association Tag and Title Committee; Rep. Rep. Arthur Payne, chair of the Legislative Oversight Committee on License Plates; Sherrie Phillips, Covington County Probate Judge; Ruby Smith.

Important 2007 Reminders

Alabama Employers: Check your Alabama Withholding Tax Tables for 2007 Updates

The Alabama Income Tax Fairness Act, Act 2006-352, raises the individual income tax filing threshold to \$12,500 by increased standard deductions and dependent exemptions, effective Jan. 1, 2007. Alabama Withholding Tax Tables have been revised for the 2007 tax year. See Withholding Tax Tables and Instructions for Employers and Withholding Agents (Revised January 2007) for more information at www.revenue.alabama.gov.

Note these changes do not affect the 2006 tax year Alabama Individual Income Tax returns filed in 2007. Changes in standard deduction and dependent exemption amounts will be shown on the 2007 tax year return that will be filed in 2008. The department estimates that approximately 60 percent of Alabama taxpayers will receive relief under the new tax law and filings of approximately 119,000 Alabama individual income tax returns will be eliminated during the 2008 tax filing season.

IRS Interest Rate to Remain at 8%

The interest rate for the calendar quarter beginning Jan. 1, 2007, will remain at eight percent (8% a.p.r.) for underpayments, according to the Internal Revenue Service's "News Room" webpage, (News Release: IR-2006-190, citing Rev. Rul. 2006-63).

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 (8%), however, land sold by the state for taxes, shall be calculated at 12% in accordance with Sect. 40-5-9. (Historical rates shown right.)

E-File Requirement for Forms W-2

Beginning Jan. 1, 2007, Alabama employers and withholding agents submitting 250 or more Forms W-2 and/or information returns (if Alabama tax was withheld) must submit this information and the Alabama Form A-3 electronically through the department's Web site. Employers and withholding agents submitting less than 250 wage and tax statements and/or information returns may also take advantage of the department's newest electronic filing convenience.

Estimated Tax Filers

Consider e-filing your 2007 returns. Visit www.revenue.alabama.gov and click on File Your Individual Estimated Tax (Form 40ES) ONLINE to see how easy filing and paying your estimated tax can be.

2007 Estimated Tax Forms

Download copies of the 2007 Alabama Form 40ES at www.revenue.alabama.gov. See 2007 Individual Estimated Tax Form (fillable form).

Interest Rates By Calendar Quarter

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

	1ST QTR	2ND QTR	3RD QTR	4TH QTR
1982	20%	20%	20%	20%
1983	16%	16%	11%	11%
1984	11%	11%	11%	11%
1985	13%	13%	11%	11%
1986	10%	10%	9%	9%
1987	9%	9%	9%	10%
1988	11%	10%	10%	11%
1989	11%	12%	12%	11%
1990	11%	11%	11%	11%
1991	11%	10%	10%	10%
1992	9%	8%	8%	7%
1993	7%	7%	7%	7%
1994	7%	7%	8%	9%
1995	9%	10%	9%	9%
1996	9%	8%	9%	9%
1997	9%	9%	9%	9%
1998	9%	8%	8%	8%
1999	7%	8%	8%	8%
2000	8%	9%	9%	9%
2001	9%	8%	7%	7%
2002	6%	6%	6%	6%
2003	5%	5%	5%	4%
2004	4%	5%	4%	5%
2005	5%	6%	6%	7%
2006	7%	7%	8%	8%
2007	8%			

Disability Access Parking Update 2007

The Alabama Department of Revenue reminds individuals who currently hold five-year disability access parking placards and/or disability access license plates to renew their placards and license plates during their designated renewal month beginning in 2007. Expiration dates are shown on the bottom of the removable windshield placard and on the month and year decals on the license plate.

Before a new license plate or placard may be issued, individuals first must renew their disability parking access privileges.

All individuals seeking disability access parking privileges either for the first time or for renewal must obtain the signature of a licensed physician verifying that the individual qualifies for the parking credentials prior to receiving them. The Application for Disability Access Parking Privileges form (MVR 32-6-230) must be completed by a licensed physician before an Alabama disability access placard and/or disability access license plate is issued in 2007. The form is available at all county license plate issuing officials' offices or may be downloaded from the department's Web site at www.revenue.alabama.gov. See MVR 32-6-230.

The new five-year removable windshield placard is issued free-of-charge and will expire at the end of the individual's registration renewal month in 2012.

The registration fee for the disability access parking license plate is the same as that of a standard license plate – \$23 annually, plus a county issuance fee. The license plate is renewed annually and will be replaced by a new five-year series in 2012.

Commissioner Surtees advises that federal guidelines do not require any vehicle ownership rights to obtain a disability access placard, but do require vehicle ownership rights to obtain a disability access license plate.

"A person with disabilities may obtain a

Farmers' Gasoline Tax Refund Deadline April 2

State Revenue Commissioner Tom Surtees reminds Alabama farmers of the upcoming April 2 deadline for filing their state gasoline tax refund claims with the Alabama Department of Revenue.

"This year farmers are given a few extra days to file their refund claims. Since the actual deadline date, March 31, falls on a Saturday, the refund filing deadline moves to the next business day which is April 2," explained Surtees.

"The refund claims are based on portions of the state excise tax paid by farmers on gasoline used during 2006 for agricultural purposes. The portion of the gasoline tax that can be refunded applies only to the amount of gasoline that is used in tractors or any auxiliary engines which may be attached to tractors. Gasoline used in farm trucks is not subject to a refund. We encourage those farmers who qualify for such a refund to submit their refund claims as soon as possible. The refund claim must be postmarked no later than April 2, 2007," Surtees said.

Taxes on gasoline purchased from Jan. 1, 2006, through Dec. 31, 2006, will be refunded at the rate of 15 cents per gallon. The refund applies to the tax levied upon gasoline only; it does not apply to any tax levied upon diesel fuel.

Any individual qualifying for a refund who has not received a 2006 claim form may obtain one by writing to the following address: Alabama Department of Revenue, Sales, Use and Business Tax Division, Motor Fuels Section, Post Office Box 327540, Montgomery, AL 36132-7540, or telephone (334) 242-9608.

Locally, forms are available at all county extension agent offices and all Alabama Department of Revenue Taxpayer Service Centers. Call or visit the nearest service center listed.

Last year, the ADOR processed 66 claims, resulting in \$9,653.62 being refunded to farmers for portions of gasoline taxes paid by them and used only for agricultural purposes in their tractors and other applicable farming equipment.

Revenue Taxpayer Service Centers

Service Center Location	Address	Telephone
Auburn/Opelika	3300 Skyway Drive	(334) 887-9549
Birmingham	2024 3rd Avenue, North	(205) 323-6387
Dothan	344 North Oates Street	(334) 793-5803
Gadsden	235 College Street	(256) 547-0554
Huntsville	994 Explorer Blvd.	(256) 922-1082
Mobile	955 Downtowner Blvd.	(251) 344-4737
Montgomery	1021 Madison Avenue	(334) 242-2677
Muscle Shoals	874 Reservation Road	(256) 383-4631
Tuscaloosa	518 19th Avenue	(205) 759-2571

maximum of two windshield placards; however, if an individual wishes to obtain a placard and a license plate, only one placard may be issued. Note there are no limits placed upon the number of disability access license plates that may be issued to an individual with disabilities, provided vehicle ownership qualifications are met. To obtain

the license plate, the person with disabilities must have an ownership interest in the vehicle," explained Surtees.

For more information concerning disability parking access privileges, contact the Motor Vehicle Division at (334) 242-9000 or visit the department's Web site at www.revenue.alabama.gov.

What's New?

Withholding

- New withholding booklets with updated information and tables have been published.
- Beginning Jan. 1, 2007, all employers and withholding agents submitting 250 or more Forms W-2 must submit this information and Form A-3 electronically through the department's website. Employers with less than 250 employees may voluntarily file through the website, also.
- Alabama will follow Federal Publication 10 on electronic submission of W-2's.

Bulk Orders for Income Tax Forms

- Tax preparers requesting income tax forms in bulk orders from the Alabama Department of Revenue (ADOR) must now place orders through the department's website at www.revenue.alabama.gov.
- To complete Form 2300 – Request for Bulk Alabama Income Tax Forms, click on the following: *Divisions and Services, Individual & Corporate Tax, Forms, 2300*.

Electronic Funds Transfer (EFT)

- Effective Oct. 1, 2006, all taxes, fees, and other obligations that are collected or administered by ADOR which have payments of \$750 or more must be paid electronically. This affects business entities only.
- All local government business entity taxes and fees collected or administered by the department must be paid electronically, if the state portion is required to be filed

electronically.

Example: If the State administers your city or county tax, and the state tax is over \$750, the local tax has to be paid electronically, also.

- Payments made over the telephone will be considered as electronic payments.

Check-off Donations

- The following new check-offs for charitable donations have been added to the Alabama income tax return:
 - Alabama Organ Center Donor Awareness Fund
 - Alabama National Guard Foundation, Inc.
 - Cancer Research Institute
- The check-offs will no longer be on the front of the tax form, but will be located on a separate schedule attached to the form. Check-offs will also no longer appear on the 40-NR.

Bad Preparer Bill

- For individual income tax, civil penalties and injunctive relief can now be applied against tax return preparers who engage in unethical tax preparation conduct. The ADOR Commissioner can ask for an injunction against any tax preparer who has aided or assisted in the preparation or presentation of any returns or other documents which may show a pattern of any of the following:
 - Omissions of income
 - Excessive or nonexistent deductions
 - Claims of nonexistent dependents
 - Fictitious business schedules
 - Excessive losses
 - Fraudulent documents

Subchapter J

- Effective Jan. 1, 2005, Alabama will follow the federal law conforming the treatment of Alabama trusts and estates to the *Subchapter J* portion of the Internal Revenue Code. Grantor trusts will now be treated the same for Alabama purposes as for federal purposes. Grantor trusts still must file an informational return (Form 41), and the tax is paid at the grantor level (usually on Form 40).

Professional Employer Organization (PEO)

- Alabama law now allows for a Professional Employer Organization (PEO) for the leasing of employees. A PEO is a person engaged in the business of providing professional employer services through one or more professional employer organization arrangements.
- For capital credits or economic incentives, the employees are considered employees of the client, and the client may include leased employees' wages in the client's payroll factor.

Death Benefits for Beneficiaries of Peace Officers or Firemen

- Death benefits received by a beneficiary of a peace officer or fireman killed in the line of duty, or whose death results from a heart attack or stroke caused by participating in a non-routine, stressful activity, suffered either while on duty or within 24 hours of the activity, are exempt from Alabama income tax. The amount of death benefits paid by the State has been increased from \$50,000 to \$100,000.

Gulf Opportunity Zone Act of 2005 (GO Zone Act)

- With the exception of net operating loss changes, Alabama income tax law complies with all federal changes impacting the computation of federal taxable income for corporations for tax years 2004, 2005, and 2006, including the provisions of Internal Revenue Code (IRC) Section 194.
- For individuals, Alabama tax law complies with the federal changes concerning:
 - Bonus Depreciation
 - Section 179 Expense Deduction
 - Charitable Contribution 50% AGI Limitation
 - Casualty Loss \$100 Floor and 10% AGI Floor

(Continued on Page 12)

Recent Arrests and Convictions

Following are October arrests and convictions of Alabama individuals who have committed various income tax and sales tax-related crimes.

State income tax revenues and state sales tax revenues are earmarked for the state's Education Trust Fund (ETF) and are two major funding components of the ETF.

Clarke County Businessman Faces State Tax Charges

A Clarke County businessman was arraigned Monday, Oct. 30, 2006, before Clarke County Circuit Judge James T. Baxter on charges of filing false Alabama income tax returns following an indictment by a Clarke County Grand Jury.

Henry C. Frowner, 53, of 1347 Fools Acre Road, Jackson, Ala., was arrested Sept. 16, 2006, on charges of filing false Alabama income tax returns for tax years 2001, 2002, and 2003. The tax charges filed against Frowner resulted from his failure to report income earned from a construction company owned and operated by Frowner during 2001-2003.

Frowner could receive up to three years in jail and/or a fine of \$100,000 for each count of filing a perjured Alabama tax return.

Birmingham Resident Pleads Guilty to State Sales Tax Charges

Wilma Jean Johnson, 63, of 1728 Eufaula Ave., Birmingham, Ala., pleaded guilty Oct. 2, 2006, in Jefferson County District Court to state sales tax charges filed by the Alabama Department of Revenue.

Johnson pleaded guilty before Jefferson County District Judge Robert G. Cahill to willfully submitting fraudulent tax returns and other documents to the Alabama Department of Revenue for tax years 2000 and 2001.

Johnson, owner and principal officer of Vanguard Beauty Distributors, Inc., which is now dissolved, failed to report all business sales and pay all sales taxes collected by Vanguard Beauty Distributors, Inc., from its customers during 2000 and 2001. Johnson was responsible for filing sales tax returns for the corporation.

Judge Cahill sentenced Johnson to 12 months in jail, suspended, and placed Johnson on unsupervised probation for 24 months. He also ordered Johnson to pay \$12,638.71 in delinquent sales taxes, along with a \$100 fine, and to remain current in all future tax filings with the Alabama Department of Revenue.

Local Minister Arrested on State Income Tax Charges

Jonathan Leonard Yates Sr., 52, a minister and pastor of the El Bethel Primitive Baptist Church, was arrested October 13 after a Mobile County grand jury handed down a 13-count indictment against him on various tax charges Sept. 29, 2006.

The indictments against Yates consist of six counts of state income tax evasion for the taxable years ending 1995 through 2000, six counts of filing false tax returns under the penalties of perjury for the same periods, and one count of willful failure to collect and pay over withholding taxes for the year 2000.

Yates has been the pastor of the El Bethel Primitive Baptist Church for over 30 years. The church, which operates a day-care, is located in the Maysville Community of the city of Mobile.

According to the indictments, on April 16, 2001, Yates knowingly filed false delinquent Alabama tax returns for the taxable years ending Dec. 31, 1995, through Dec. 31, 2000.

Each crime is punishable by jail terms ranging from three to five years and fines from \$10,000 to \$100,000. If convicted, Yates could receive a total of 43 years in jail and over \$1.2 million dollars in fines, or both.

Deborah Jackson, 53, the secretary of El Bethel Primitive Baptist Church, was also indicted earlier this year for filing perjured Alabama income tax returns.

Birmingham Tax Preparer Pleads Guilty to State Tax Charges

Paul Childress, 59, of 108 Wind View Trace, Birmingham, Ala., pleaded guilty Oct. 26, 2006, to 11 counts of submitting fraudulent tax returns and other documents to the Alabama Department of Revenue.

Childress, a part-time income tax preparer, provided fraudulent documentation to the Alabama Department of Revenue in efforts to substantiate tax deductions claimed by his clients on 10 Alabama individual income tax returns, spanning a three-year period covering tax years 2001, 2002 and 2003.

The audits of these returns revealed false and altered documentation prepared and submitted to the department by Childress and his clients. Some of the documents submitted by Childress on his clients' behalf to substantiate deductions, etc., were identical, with the only differences in the information being the names of the taxpayers. Copies of vehicle registration receipts and charitable contribution receipts from churches were altered to substantiate deductions claimed by various clients. Childress also prepared and submitted fraudulent documentation for his personal income tax return.

Childress had pleaded guilty earlier this year in Jefferson County District Court and appealed his sentencing to Jefferson County Circuit Court.

Jefferson County Circuit Judge David Lichtenstein sentenced Childress to one year in jail, suspended, and two years of unsupervised probation. Judge Lichtenstein ordered Childress to pay full restitution of \$1,362.40 and to pay fines totaling \$2,200.

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2006 Tax Practitioner Seminar Held at AUM

ADOR and IRS representatives met Dec. 4 and 5 at Auburn University Montgomery for the annual Tax Practitioner Seminar sponsored by Auburn University's Outreach Program Office.

The seminar program provides continuing education opportunities for tax practitioners, enrolled agents, certified public accountants, and attorneys. The key locations for this year's schedule included the cities of Dothan, Florence, Huntsville, Birmingham, Bessemer, Auburn, Montgomery and Mobile.

Individual and Corporate Tax representatives in attendance included Training Officer Tamera Warren, Administrative Support Manager Ann Winborne, and Director Richard Henninger.



Scott Greenwood, Program Developer, Auburn University Outreach Office (right), talks with Jeff Cotton, a CPA and financial advisor from Troy, Ala.



Ann Winborne discusses the timetable for the implementation of the Revenue Integrated Tax System (RITS), the department's new integrated computer system.



Richard Henninger responds to a question from a tax practitioner about the new electronic payment requirement for business entities.



Tamera Warren listens to a question about the bad preparer bill.



An attentive crowd listens to ADOR representatives at AUM's Taylor Center.

ADOR Hosts SEATA Workshop

The Montgomery Marriott Prattville Hotel & Conference Center at Capitol Hill was the location for the 2006 SEATA Attorney/Compliance Workshop. Hosted by the Alabama Department of Revenue, the two-day work-

tors (FTA), and Mancuso & Franco, PA.

Speakers from the department included the following: Commissioner Tom Surtees, who presented the official Welcome; Joe Garrett, Tax Policy and Research Division, "Loopholes: Are They Closing?";



Joe Huddleston, Executive Director, MTC, gives updates and initiatives of the organization.

shop, held Oct. 1-3, included representatives from the Multistate Tax Commission (MTC), the Northeastern University School of Law, the Florida Auditor Performance System, the Federation of Tax Administra-



Harley Duncan, Executive Director, FTA, discusses his topic, "What Is Going on in the Beltway?"

Eddie Crumbley, Investigations, "How An Auditor Should Preserve Evidence in the Event of Litigation"; Craig Davis, Compliance Unit, "Combating Fictitious Returns"; Henry Chappell, Round Table Discussion Moderator.

Department Secretary Lewis Easterly organized the conference.

exemption or the principal-residence exemption shall receive the full exemption, whether the person is a joint owner or the sole owner."

Governor Bob Riley and Commissioner Surtees are advising property owners who have paid taxes in error during the last two years to contact their local collecting official for refund procedures applicable to their particular county.

Administrative Rules

Effective Nov. 30, 2006:

Adopted:

810-8-5-.10

State Boards and Agencies' Registration Form

810-8-5-.11

Mechanism to Be Used to Notify Municipalities

Effective Dec. 13, 2006:

Amended:

810-6-1-.125

Places of Amusement or Entertainment

810-6-2-.88.03

Schools and Colleges Owned by the State, Counties or Cities, Sales Made by

810-6-2-.92.02

State, County and City, Sales Made by

Adopted:

810-4-1-.03

Permanent Trailer Plates Procedures

810-4-1-.07

Motor Bus Passenger Carrier Vehicles

Effective Jan. 31, 2007:

Amended:

810-5-75-.31

Title Procedure-Transfer of Title for Vehicle under the Abandoned Motor Vehicle Act-Bill of Sale (Form MVT 32-13B)

Repealed:

810-5-75-.31.01

Abandoned Motor Vehicle-Requirements for a Report of Sale

Amended:

810-5-75-.31.02

Abandoned Motor Vehicle Record Request (Form MVT 32-13)

Property Tax Refunds Available

The clarification of homestead exemptions for joint owners of property who are disabled and over 65 resulted in a two-year window for the refund of property taxes to those individuals who were entitled to, but did not receive the exemptions.

A new Attorney General's Opinion issued Oct. 25, 2006, Opinion No. 2007-008, followed a request from the State Revenue Commissioner Tom Surtees for clarification on the application of tax exemptions to

jointly-owned properties for those disabled and for those over 65. The question was whether the various homestead exemptions on property jointly owned by two or more individuals should be prorated, based on the claimant's ownership interest in the property, or applied to the entire value of the property if one of the owners qualified for the exemption.

The attorney general concluded: "Property owned by a person who meets the criteria necessary to claim a homestead

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.

17th • Withholding return and payment due from those employers required to remit on a monthly basis. (See news release on pp. 13-14.)

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 tax return and payment due.
- Motor fuel tax return and payment due.
- Natural minerals severance 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.
- 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

(February - April 2007)

February

28 • Annual withholding return due.

March

- 1** • Freight line equipment return due.
- Public utility property tax return delinquent after this date.

15 • Corporate income tax return and information return due (for calendar-year taxpayers).

- Business privilege tax return (Form PSA) due for corporations.

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.

17 See news release on pp. 13-14.

- 20** • Quarterly sales tax return and payment due.
- Quarterly use tax return and payment due.
 - Quarterly rental or leasing tax return and payment due.

- 30** • Forest products' severance tax return and payment due.
- Quarterly withholding return and payment due from employer.
 - Quarterly IFTA tax return and payment due.

Recent Arrests and Convictions

(Continued from Page 7)

Commenting on the case, State Revenue Commissioner Tom Surtees said, "Every tax season, we encourage taxpayers to take great care in choosing preparers and always review their returns before filing. While most preparers provide excellent service to their clients, there are some who manipulate income figures and claim inflated expenses, deductions, and exemptions on their clients' returns. Any item that is not understood by the taxpayer should be questioned. We do not want anyone to become a victim of tax return preparer fraud."

FY 2007 Aviation Tax Rates Increase

Effective Sept. 1, 2006, aviation tax rates increased as follows:

- Jet or Turbine Fuel – **\$.009 per gallon**
- Aviation Gasoline – **\$.027 per gallon**

To view a copy of ADOR's notice mailed to taxpayers filing Alabama Aviation Excise Tax returns, visit the department's Web site at www.revenue.alabama.gov. See Notices to Taxpayers.

(Rates are adjusted annually to maintain net collections at \$600,000 annually. Reference: Section 40-17-31(d), *Code of Alabama 1975*.)

What's New?

(Continued from Page 6)

- Replacement Period for Involuntary Conversions
- Alabama income tax law for individuals and C-corporations complies with federal provisions on:
 - Demolition and Cleanup Costs
 - Environmental Remediation Costs
- Alabama income tax law concerning net operating losses for individuals and C-corporations does not reference any federal income tax net operating loss provision, and does not recognize any GO Zone Act provision concerning net operating losses.
- Alabama income tax law concerning special income tax credits for individuals and C-corporations does not reference any federal law concerning income tax credits, and does not recognize any GO Zone Act provision concerning income tax credits.
- Alabama does not recognize the provisions of IRC Section 194 for individuals.

Statement of Gross Tax Collections

Through End of 1st Quarter FY 2007
(October, November, December 2006)

	FYTD 2006-2007	FYTD 2005-2006	% Change
Business Privilege Tax	\$ 9,683,205.90	\$ 8,642,394.25	12.04
Gasoline	100,988,584.12	100,693,584.50	0.29
Income Tax-Corporate	143,031,551.58	109,774,526.46	30.30
Income Tax-Individual	736,700,531.39	654,176,635.76	12.61
Income Tax (Total)	879,732,082.97	763,951,162.22	15.16
Motor Fuels	38,817,079.11	39,828,567.38	(2.54)
Oil & Gas Privilege (8%)	23,519,320.27	34,700,029.39	(32.22)
Oil & Gas Production (2%)	9,408,689.23	14,151,179.11	(33.51)
Sales	503,268,193.18	494,713,683.25	1.73
Use Tax	69,182,071.57	61,705,358.79	12.12
Utility Gross Receipts	95,286,779.38	94,988,999.99	0.31
SUBTOTAL	1,729,886,005.73	1,613,374,958.88	7.22
SUBTOTAL (OTHER TAXES)	299,271,064.93	302,240,395.41	(0.98)
TOTAL (ALL TAXES)	\$2,029,157,070.66	\$1,915,615,354.29	5.93

Alabama Department of Revenue

News Release
Jan. 30, 2007

Alabama Taxpayers Have Until April 17 to File and Pay *Alabama Will Follow Federal Tax Filing and Payment Date*

Montgomery—The Alabama Department of Revenue (ADOR) announced today that Alabama taxpayers will have until Tuesday, April 17, 2007, to file their 2006 Alabama returns and pay any tax due.

State Revenue Commissioner Tom Surtees authorized the extra filing and payment time to allow the 2006 Alabama return filing and payment deadline date to coincide with the recently-announced April 17, 2007, federal tax-filing and payment deadline date.

The April 17, 2007, deadline will apply to the following:

- 2006 Alabama individual income tax returns, whether filed electronically or on paper.
- Requests for an automatic six-month tax-filing extension, whether submitted electronically or on a paper Form 4868A.
- Individual estimated tax returns and payments for the first quarter of 2007 (Form 40ES).
- Any other Alabama income, financial institution excise, or business privilege tax returns, administered by the ADOR, having an April 15, 2007, filing and payment deadline date.

For information concerning any federal returns affected by the April 17 filing deadline date, taxpayers are encouraged to visit the IRS Web site at www.irs.gov.

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Media contact for more information:

ADOR Media Affairs Office: Carla A. Snellgrove or Carolyn Blackstock: (334) 242-1390;
FAX: (334) 242-0550; WEB site address: www.revenue.alabama.gov



G. THOMAS SURTEES
Commissioner

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CYNTHIA UNDERWOOD
Assistant Commissioner
LEWIS A. EASTERLY
Secretary

ORDER OF THE COMMISSIONER OF REVENUE

Under the power granted to me by §40-2-11(13), *Code of Alabama 1975*, I hereby issue the following order which extends the filing and payment deadline date for certain Alabama tax returns and tax payments normally due April 15, 2007, to April 17, 2007, the same deadline date for certain federal tax returns and payments.

I. GENERAL RULE

- (a) **EXTENSION OF TIME FOR FILING AND PAYMENT.** For purposes of applying the Income Tax, Financial Institution Excise Tax, and Business Privilege Tax laws with respect to the filing of required annual, quarterly, or monthly returns having an April 15, 2007, filing and payment deadline date, Alabama taxpayers are granted an extension through April 17, 2007, to file the following Alabama income tax returns or extension requests and remit the amount of tax due to the State of Alabama without payment of penalty:
- 2006 Alabama individual income tax returns, whether filed electronically or on paper.
 - Requests for an automatic six-month tax-filing extension, whether submitted electronically or on a paper Form 4868A.
 - Individual estimated tax returns and payments for the first quarter of the 2007 tax year (Form 40ES).
 - Any other Alabama income, financial institution excise, or business privilege tax returns, administered by the ADOR, having an April 15, 2007, filing and payment deadline date.
- (b) **FEDERAL FILING AND PAYMENT DEADLINE DATE.** For purposes of this section, by federal law, filing and payment deadlines that fall on a Saturday, Sunday, or legal holiday are timely satisfied if met on the next business day. Under a federal statute, holidays observed in the District of Columbia have impact nationwide on tax issues, not just in the District of Columbia. Under recently-enacted city legislation, April 16 is a holiday in the District of Columbia. (Reference IR-2007-15, "Taxpayers Have Until April 17 to File and Pay," dated Jan. 24, 2007.)

Entered this 30th day of January 2007.

SIGNED

G. Thomas Surtees, Commissioner
Alabama Department of Revenue

ATTEST

Lewis A. Easterly, Secretary
Alabama Department of Revenue

"AN AFFIRMATIVE ACTION / EQUAL OPPORTUNITY EMPLOYER"