

# Revenue REVIEW

2nd  
Quarter  
FY 2008  
(January, February,  
March 2008)

A Quarterly Publication of the Alabama Department of Revenue

## Tim Russell Named State Revenue Commissioner

Governor Bob Riley appointed former Foley mayor Tim Russell to serve as State Revenue Commissioner, effective March 3. Russell is filling the vacancy created when former State Revenue Commissioner Tom Surtees became director of the Alabama Department of Industrial Relations last September.

“Tim Russell is an outstanding leader and a great addition to our cabinet. His commitment to public service, his experience and his strong work ethic will be valuable to all citizens as he serves our state as



Tim Russell

### Important Reminder

Accountants or tax filing services who file withholding tax returns and payments on behalf of employers must register with the ADOR as a bulk filer and must utilize their bulk filer registration when filing withholding tax returns on behalf of their clients.

Revenue Commissioner,” said Governor Riley.

“I want to thank Governor Riley for this opportunity to serve the citizens of Alabama,” said Russell. “The governor has assembled a world-class cabinet and I am humbled to be a member of it. As a lifelong Alabamian, I look forward to serving all Alabamians as we move forward.”

A three-term mayor of Foley from 1996—2006, Russell has served as president of the Baldwin Mutual Insurance Company since 1998.

A captain in the United States Army during the Vietnam War, he was awarded the U.S. Army Commendation Medal. Russell has also served as the past president of many community organizations, including the South Baldwin Chamber of Commerce, the South Baldwin United Way, the Foley Rotary Club, and the Foley Library Board.

Assistant Revenue Commissioner Cynthia Underwood had served as the agency’s acting director since Surtees went to the Department of Industrial Relations last September. “I want to thank Cynthia Underwood for her dedicated service during this transition,” said Governor Riley. “She is doing an excellent job and will continue her high level of service to the people of Alabama at the Revenue Department.”

# State Corporate Income Tax Extension Available to E-Filers

The Alabama Department of Revenue (ADOR) announces that Alabama corporate income taxpayers who plan to electronically file their 2007 Alabama Form 20-C Corporate Income Tax Return or their Alabama Form 20-S Subchapter S Tax Return are granted an auto-

matic filing extension through Sept. 15, 2008, for the 2007 annual returns that are due March 17, 2008, without payment of delinquent filing penalties.

**The Sept. 15, 2008, automatic filing extension applies only to those corporate taxpayers who will electronically file their Alabama corporate tax returns.**

Late filing penalties will be waived for those corporate taxpayers taking advantage of the electronic filing extension; however, note that this extension does not include an extension to pay any additional corporate

taxes owed.

The automatic extension is provided only to those corporate taxpayers who plan to electronically file their Alabama corporate tax returns and related tax schedules to allow more time for additional software vendors' corporate income tax software filing programs to be tested and approved by the ADOR.

For more information concerning Alabama's corporate income tax filing program, visit the Alabama Department of Revenue's Web site at <http://www.revenue.alabama.gov/incometax/corpefilemain.htm>.

## Online Title Inquiry Available

ADOR's new online title inquiry system became available early this year, providing immediate access to current Alabama motor vehicle title information.

To access the information online, Web site visitors must enter either an Alabama title number or vehicle identification number (VIN). The search results will then provide the title number, year, make, model, odometer reading, any title brand notations such as salvage or flood damage, and any odometer discrepancies associated with a specific vehicle identification number (VIN). In addition, any associated lienholder information will be shown.

To access the online service, go to the ADOR's Web site at [www.revenue.alabama.gov](http://www.revenue.alabama.gov) and select the category entitled "Motor Vehicle" under the "Divisions & Services" heading. Click on the link entitled "Vehicle Information Check" and follow the prompts provided. A \$2 convenience fee is charged per transaction and is paid directly to the vendor providing this online service. The ADOR receives no part of the \$2 convenience fee.

Each year, the ADOR processes over 1.5 million vehicle certificates of title and handles over 4 million vehicle registrations.

## IRS Interest Rate Dropped to 6% for Quarter Beginning April 1, 2008

The interest rate for the calendar quarter beginning April 1, 2008, dropped to six percent (6 % a.p.r.) for underpayments, according to the Internal Revenue Service's News Room webpage, (News Release: IR-2008-30, citing Rev. Rul. 2008-10).

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 (6 %); however, land sold by the state for taxes, shall be calculated at 12% in accordance with Sect. 40-5-9. (Historical rates shown below.)

### 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
<b>2001</b>	9%	8%	7%	7%
<b>2002</b>	6%	6%	6%	6%
<b>2003</b>	5%	5%	5%	4%
<b>2004</b>	4%	5%	4%	5%
<b>2005</b>	5%	6%	6%	7%
<b>2006</b>	7%	7%	8%	8%
<b>2007</b>	8%	8%	8%	8%
<b>2008</b>	7%	6%		

# Local Government Reps Attend Seminar

Local government officials often attend statewide ADOR seminars which educate them in department sales, use and business tax collection efforts. In a February seminar held in Montgomery, three officials from the city of Shorter and from Coosa County met with John Paradise, local government liaison in the Office of Economic Development. The small size of the group gave them the advantage of immediate response to any question concerning their local government operations.

Sherrie Kelley, a Certified County Administrator with Coosa County, said, "John Paradise always has a very informative and entertaining presentation. Coosa County is a small county that is just beginning to see an increase of our tax base. The services provided to our county by the Alabama Department of Revenue are an excellent value to a small county with limited resources."

Laura Dervin serves as bookkeeper for the city of Shorter, and Curtis Williams serves as treasurer of the municipality. Ms.

Dervin speaks for both of them. "John Paradise did a remarkable job on his presentation. We learned how to get information from the ADOR website and much more."

## Administrative Rules

**Effective April 7, 2008:**

**Amended:**

**810-3-74-.01**

**Withholding Returns and Payments**



Left to right) John Paradise, local government liaison, ADOR; Laura Dervin, bookkeeper; Curtis Williams, treasurer, Shorter, Ala.; Sherrie Kelley, Certified County Administrator, Coosa County.

# Leadership Baldwin County



Commissioner Tim Russell recently had the opportunity to “talk taxes” with members of the 2007-2008 class of Leadership Baldwin County. The group, representing local community, business, and educational leaders, traveled to Montgomery on Thursday, March 20, to learn more about Alabama’s legislative process, state government, and Alabama taxes.

Designed to identify potential leaders and to enhance leadership in Baldwin County, the program focuses on bringing emerging leaders from diverse backgrounds together to work for the betterment of the county.

Commissioner Tim Russell (right) discusses several topics, close to the interest of the Leadership Baldwin County class members—property tax, oil and gas severance tax, and local funding—as Tax Policy Administrator Joe Garrett looks on.

## Federal Tax Stimulus Payments Do Not Require State Tax Return Filings

Starting in May, the Treasury will begin sending economic stimulus payments to more than 130 million households nationwide. The Internal Revenue Service (IRS) advises that in order to receive a payment, taxpayers must have a valid Social Security number, at least \$3,000 of qualifying income and file a 2007 federal tax return. IRS will take care of the rest. Eligible taxpayers will receive between \$300 to \$600 if single or \$600 to \$1,200 if married filing jointly.

Millions of retirees, disabled veterans and low-wage earners who usually are exempt from filing a federal tax return must do so this year in order to receive a stimulus payment. However, it is not necessary for those Alabama taxpayers who are filing federal tax returns in order to receive federal economic stimulus payments to also file Alabama state income tax returns in order to receive federal economic stimulus payments. The Alabama Department of Revenue (ADOR) advises that those taxpayers who do not meet Alabama income tax filing requirements are not required to file an Alabama individual income tax return in order to receive a federal economic stimulus payment.

“We have found that many Alabama taxpayers who are not required to file an Alabama state income tax return believe that they must do so this year in order to receive the federal economic stimulus payment. This is not the case, only a FEDERAL tax return filing is required,” explained Richard Henninger, ADOR Individual and Corporate Tax director.

For more information concerning the federal economic stimulus payment, log onto the IRS Web site at [www.irs.gov](http://www.irs.gov). For more information concerning Alabama income tax filing requirements, log onto the Alabama Department of Revenue’s Web site at [www.alabama.gov](http://www.alabama.gov).

### Statement of Gross Tax Collections

Through End of 2nd Quarter FY 2008  
(January, February, March 2008)

	FYTD 2007-2008	FYTD 2006-2007	% Change
Business Privilege Tax	\$ 61,225,488.64	\$ 56,324,394.23	8.70
Gasoline	199,043,060.44	200,758,607.81	(0.85)
Income Tax-Corporate	270,731,950.27	232,160,448.64	16.61
Income Tax-Individual	1,630,683,138.23	1,580,090,279.65	3.20
Income Tax (Total)	1,901,415,088.50	1,812,250,728.29	4.92
Motor Fuels	67,640,058.82	71,929,818.21	(5.96)
Oil & Gas Privilege (8%)	56,808,872.63	48,510,876.10	17.11
Oil & Gas Production (2%)	22,646,739.41	19,579,887.85	15.66
Sales	1,001,097,800.06	999,402,500.86	0.17
Use Tax	134,599,968.22	137,875,739.16	(2.38)
Utility Gross Receipts	208,068,638.59	201,142,244.08	3.44
<b>SUBTOTAL</b>	<b>3,652,545,715.31</b>	<b>3,547,774,796.59</b>	<b>2.95</b>
<b>SUBTOTAL (OTHER TAXES)</b>	<b>722,264,966.39</b>	<b>687,924,740.14</b>	<b>4.99</b>
<b>TOTAL (ALL TAXES)</b>	<b>\$4,374,810,681.70</b>	<b>\$4,235,699,536.73</b>	<b>3.28</b>

### Tax Calendar

(Continued from Page 6)

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

### June

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

### July

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

- 30** • Forest products’ severance tax return and payment due.

- 31** • Quarterly withholding return and payment due from employer.  
 • Quarterly IFTA tax return and payment due

# 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.

**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

(April-July 2008)

### 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.

- 15** • Declaration of estimated personal income tax and first installment due.
- Financial institutions' excise tax return and payment due.
  - Business privilege tax return (Form PSA) 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.

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