

# Revenue REVIEW

2nd Quarter  
FY 2009  
(January, February,  
March 2009)

A Quarterly Publication of the Alabama Department of Revenue

## Voncile Catledge Appointed ADOR Taxpayer Advocate

State Revenue Commissioner Tim Russell named Voncile Catledge to the post of Taxpayer Advocate, effective March 1, 2009. Ms. Catledge assumed her new duties following the retirement of Henry Mixon, ADOR's former Taxpayer Advocate, at the end of February.

As Taxpayer Advocate, Ms. Catledge serves as an independent channel of assistance for those taxpayers who have followed standard procedures, but find their tax matters still unsatisfactorily resolved.

The post of Taxpayer Advocate was established by law in 2000. Ms. Catledge, a career employee, brings to her new assignment almost 30 years of experience in the audit and management areas of income and business taxes. She began her career with the ADOR in 1979 as a tax auditor, and has held various audit supervisory and management positions throughout her tenure with the department.

Prior to her appointment as Taxpayer Advocate, she served as manager of the Business Section of the Individual and Corporate Tax Division.

"Voncile brings a wealth of knowledge from all facets of the individual and corporate tax areas of the department," said State Revenue Commissioner Tim Russell. "Her commitment to a job well done and her leadership style set high standards within the department. We welcome her to our senior management team."



Voncile Catledge



Mike Gamble

## Mike Gamble Named Assistant Director of Motor Vehicle

Mike Gamble, formerly Title Section Manager in the Motor Vehicle Division, was named Assistant Director, effective March 1, 2009.

Gamble began his career with the department in 1992 as a revenue examiner assigned to the Title Section within the Motor Vehicle Division. Since that time, he has held several key supervisory positions.

As Vehicle Services Section Manager, he handled registration and mandatory liability insurance. While serving as Title Section Manager, he was Project Manager for the Revenue's recently-implemented electronic title application system (ETAPS), which allows the department's 4,000 designated agents to file title applications electronically.

Gamble currently serves as Chair for the Vehicle, Title and Registration Committee of the American Association of Motor Vehicle Administrators.

# ADOR Visitors

Recent visitors to the Office of the Commissioner included Rep. Steve McMillan (R), of District 95 (Baldwin), who accompanied students from St. Benedict School in Elberta, Ala.

Commissioner Russell (left) welcomes Chris Stokes of Oak Mountain High School in Birmingham. Stokes participated in the Alabama Youth Legislature.



Rep. McMillan (ctr) poses with ADOR Commissioner Tim Russell (right) and students from St. Benedict School.

# ADOR Launches Abandoned Motor Vehicle Information Service Online

State Revenue Commissioner Tim Russell announces a new online service available to businesses involved in the sale of abandoned motor vehicles.

“Alabama law requires specific notification procedures that sellers of abandoned motor vehicles must follow before a vehicle may be offered for sale,” explained Russell.

One very important requirement involves a title search of the abandoned motor vehicle to determine the current owner of the vehicle and any lien holders of record for the vehicle. Towing companies, storage companies, and automobile repair businesses beginning this process now have the online capability to obtain this information through a secure website offered through the ADOR’s website.

The new online service may be accessed at [www.revenue.alabama.gov](http://www.revenue.alabama.gov) under the category entitled “E-Services.” The new service is provided to users by Alabama Interactive. Users simply click on the link entitled “Abandoned Motor Vehicle Information Service” and follow the prompts. To utilize the service, a \$75 annual subscription service fee and a \$2 per record convenience fee are charged. The ADOR receives no part of the convenience fees charged.

An “abandoned motor vehicle” refers to a vehicle that has been left by an owner, or some person acting for the owner, with an automobile dealer, repairman, or wrecker service for repair or for some other reason and has not been called for by the

owner or the other person within 60 days. Motor vehicles left unattended on a public street, road, or highway or other public property for seven or more days or left unattended continuously for at least seven

days in a business or residential district are also considered abandoned.

Approximately 18,000 vehicles are sold annually under provisions of Alabama’s abandoned motor vehicle law.

## IFTA Fuel Use Tax Returns to Be E-filed

The Alabama Department of Revenue (ADOR) is notifying all registered Alabama-based International Fuel Tax Agreement (IFTA) carriers that all quarterly IFTA fuel use tax returns must be filed electronically, effective April 1, 2009.

The IFTA E-file service, developed by the ADOR in cooperation with the Federal Motor Carrier Safety Administration and the Alabama Trucking Association, is a free, secure tax-filing service, available since 2005 to Alabama-based motor carriers filing quarterly fuel tax returns.

“Electronic filing has allowed the department to reach a milestone in customer service efforts. Our move to a paperless filing system in many of our tax administration areas has totally changed the way we do business on a daily basis within the ADOR. The IFTA E-file service allows the department to offer another group of business taxpayers all the advantages and conveniences of an electronic filing environment,” said State Revenue Commissioner Tim Russell.

The IFTA E-file service is available at no charge and will automatically perform all calculations needed to compute a carrier’s fuel use tax liability or credit in any IFTA-member jurisdiction through which the carrier’s vehicle(s) traveled. To e-file their IFTA returns, taxpayers simply go to ADOR’s Web site at [www.revenue.alabama.gov](http://www.revenue.alabama.gov) and select E-Services and IRP/IFTA E-file. Prompts will then guide taxpayers through the filing process. Payments of \$750 or more must also be submitted electronically. Electronic payments can be made by e-check or credit card. There is no charge for e-check payments. There is a 2.5% convenience fee for credit card payments. Payments of less than \$750 can be made using a payment voucher that can be printed when the return is electronically filed.

The IFTA E-file program also allows taxpayers to print a copy of their electronically-filed return to retain for their personal records. But even more important for many taxpayers, the IFTA e-file program will provide them with an acknowledgement that their returns have been received by the ADOR for processing.

Approximately 4,500 Alabama-based motor carriers file IFTA returns on a quarterly basis, and of those filers, approximately 40 percent currently elect to file electronically each quarter. Quarterly returns are due Jan. 31, April 30, July 31, and October 31 each year for the preceding three-month period.

The IRP/IFTA E-file program may also be used to submit International Registration Plan (IRP) and International Fuel Tax Agreement (IFTA) license applications, which allow Alabama-based motor carriers to request, pay for and receive IRP and IFTA license credentials electronically.

For more information concerning the IFTA E-filing services, taxpayers should contact the department’s Motor Carrier Services office by telephone at 334.242.2999, by email at [mcs@revenue.alabama.gov](mailto:mcs@revenue.alabama.gov), or visit the “Frequently Asked Questions” (FAQs) section available on the department’s Web site at [www.revenue.alabama.gov](http://www.revenue.alabama.gov).

## Alabama Department of Revenue Warns Taxpayers of E-Mail Scam

The Alabama Department of Revenue (ADOR) recently alerted taxpayers of an e-mail scam in which taxpayers are reportedly advised by the ADOR that they are due an Alabama income tax refund. In the e-mail communication, taxpayers are asked to click on a link provided in the e-mail and complete a "refund form."

The ADOR advises that if you receive an e-mail from someone claiming to represent the ADOR and seeking personal or financial information do not reply. **The Alabama Department of Revenue does not initiate taxpayer communications through e-mail.**

Taxpayers are strongly cautioned not to open any suspicious e-mails or open any links. Links or attachments contained in the suspicious e-mail could contain malicious code that would infect the taxpayers' computers. Do not open any attachments, do not click on any links, and most important of all, do not provide any personal or financial information such as bank account numbers, credit card PIN numbers, or account passwords.

"Taxpayers should always use extreme caution when they receive unsolicited e-mails, from any source, especially those seeking any type of personal or financial information," warned State Revenue Commissioner Tim Russell.

## Attorney General Announces Felony Conviction of Tax Preparer

Attorney General Troy King announced the conviction and sentencing Feb. 3, 2009, of a former Morgan County tax preparer for income tax crimes. Gina Wilhite Thrasher, 45, of Falkville, pleaded guilty to two felony counts of willful attempt to evade or defeat a part of the Alabama income tax.

Morgan County Circuit Judge Glenn Thompson sentenced her to five years on each count, which were suspended, and ordered her to serve five years of supervised probation. During her probation period, she is prohibited from assisting in the preparation of any tax returns. The sentences are to be served concurrently. A restitution hearing will be held at a later date, which is not yet set.

Thrasher operated a bookkeeping and tax service called APM Accounting and Tax Service in Falkville. The allegations of her crimes came to light during an Alabama Revenue Department audit of one of Thrasher's customers. That client's current

accountant told the Revenue auditor that the client had never received a refund, nor had some others who had their returns prepared by Thrasher. The case was investigated by the Revenue Department and referred to Attorney General King's office for further review and prosecution.

"Income tax crimes are a serious offense committed against the State of Alabama, our taxpaying citizens, and the children and families of our state who lose vital funds needed for schools and other services," said Attorney General King. "Tax preparers have an obligation, to their clients as well as to the State, to provide honest services. This conviction should serve as a warning to others that the State of Alabama will not tolerate corrupt and fraudulent tax filings and preparations."

State Revenue Commissioner Tim Russell echoed these remarks saying, "Tax evasion costs our citizens millions of tax dollars each year in the form of unreported taxes and fraudulent refund claims. The prosecu-

tion and conviction of such tax crimes bring attention front and center to the seriousness of these offenses, and hopefully will deter others from committing similar crimes"

Attorney General King commended Assistant Attorneys General Bill Lisenby, chief of the Attorney General's Public Corruption and White Collar Crime Division, James Rutter, Noel Barnes, as well as Chief Investigator Eddie Crumbley, Special Agent Angela Aldridge and Auditor Karen Vinson, all of the Alabama Department of Revenue.

State income tax revenues are earmarked for the Special Education Trust Fund.

## Individual and Corporate Tax Training

Managers, examiners, account technicians and others in the Individual and Corporate Tax Division met in January for CPE (Continued Professional Education) training.

The two-day session consisted of both morning and afternoon classes, lasting approximately two hours.



ADOR Assistant Commissioner Cynthia Underwood addresses the CPE class.

# Administrative Rules

**Effective Feb. 10, 2009:**

**Adopted:**

810-7-1-.20 Procedures for Reporting and Remitting Solid Waste Disposal Fees

**Adopted:**

810-1-6-.13 Requirements for Third-party Bulk Filers

**Effective March 12, 2009:**

**Amended:**

810-5-1-.236 God Bless America Distinctive License Plates

810-3-176-.01 Composite Returns of Alabama S Corporations

**Adopted:**

810-3-19.1-.01 Severance Pay Exemption  
810-3-15.2-.01 Net Operating Loss Carryback or Carryover

**Repealed:**

810-3-14-.11 Severance Pay Exemption  
810-3-15-.27 Net Operating Loss Carryback or Carryover

**Effective April 15, 2009:**

**Amended:**

810-5-9-.10 IFTA Quarterly Fuel Use Tax Returns

## Statement of Gross Tax Collections

Through End of 2nd Quarter FY 2009  
(January, February, March 2009)

	FYTD 2008-2009	FYTD 2007-2008	% Change
Business Privilege Tax	\$ 76,855,503.94	\$ 61,225,488.64	25.53
Gasoline	194,436,436.47	199,043,060.44	(2.31)
Income Tax-Corporate	211,869,938.72	270,731,950.27	(21.74)
Income Tax-Individual	1,581,431,511.07	1,630,683,138.23	(3.02)
Income Tax (Total)	1,793,301,449.79	1,901,415,088.50	(5.69)
Motor Fuels	59,171,517.43	67,640,058.82	(12.52)
Oil & Gas Privilege (8%)	52,306,481.41	56,808,872.63	(7.93)
Oil & Gas Production (2%)	21,628,250.13	22,646,739.41	(4.50)
Sales	913,099,404.99	1,001,097,800.06	(8.79)
Use Tax	129,855,978.41	134,599,968.22	(3.52)
Utility Gross Receipts	213,744,083.99	208,068,638.59	2.73
<b>SUBTOTAL</b>	<b>\$3,454,399,106.56</b>	<b>\$3,652,545,715.31</b>	<b>(5.42)</b>
<b>SUBTOTAL (OTHER TAXES)</b>	<b>763,076,064.27</b>	<b>722,264,966.39</b>	<b>5.65</b>
<b>TOTAL (ALL TAXES)</b>	<b>\$4,217,475,170.83</b>	<b>\$4,374,810,681.70</b>	<b>(3.60)</b>

## Interest Rates Drop to 4%

Interest rates for the calendar quarter beginning April 1, 2009, dropped to four percent (4 % a.p.r.) for underpayments, according to the Internal Revenue Service’s Bulletin No. 2009-021.

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. (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%	5%	6%
<b>2009</b>	5%	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 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

(June and July 2009)

### 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.
- 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.



**TIM RUSSELL**  
Commissioner

# State of Alabama Department of Revenue

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**CYNTHIA UNDERWOOD**  
Assistant Commissioner

**LEWIS A. EASTERLY**  
Secretary

February 10, 2009

## ANNUAL REPORT OF QUALIFYING PROJECTS FOR CAPITAL CREDIT

*In accordance with Section 40-18-196, Code of Alabama 1975, this report shall serve as the report required to be issued annually to the Alabama Legislature and the public by the Alabama Department of Revenue, before the fifth Legislative day of each regular session, as to the qualifying projects with respect to which capital credits are claimed during the year.*

The Department of Revenue has approved a total of 859 notices of intent to invest in capital credit projects with 92,876 jobs estimated, with a total of \$19,640,410,381 in estimated investment costs. Of the 859 projects approved, 362 projects have filed reports of being placed in service with a total of \$11,847,811,777 in actual investment costs and at least 45,334 actual jobs created. Currently, the department is holding several additional applications for the capital credit pending receipt of requested additional information.

Since enactment, approximately \$357,434,428 in capital credits has been claimed against the income tax liability of projects that have been placed in service.

Data Based on Notices of Intent to Invest in Capital Credit Projects Received in Reporting Year					
Reporting Year	1995-2005	2006	2007	2008	Total For All Years
Notices of Intent	665	72	65	57	859
Estimated Jobs to be Created Based on Notices of Intent	75,580	8,665	4,778	3,853	92,876
Estimated Project Costs Based on Notices of Intent	\$15,221,202,438	\$1,564,558,941	\$1,137,661,112	\$1,716,987,890	\$19,640,410,381
Data Based on Notices of Projects Placed In Service Received in Reporting Year					
Reporting Year	1995-2005	2006	2007	2008	Total For All Years
Notices of Projects Placed in Service	267	23	37	35	362
Actual Jobs Created Based on Notices of Projects Placed In Service	32,032	1,946	6,709	4,647	45,334
Actual Project Costs Based on Notices of Projects Placed In Service	\$8,711,493,377	\$372,327,657	\$1,804,391,715	\$959,599,028	\$11,847,811,777
Data Based on Income Tax Capital Credits Claimed In Reporting Year					
Reporting Year	1995-2005	2006	2007	2008	Total For All Years
Capital Credits Claimed in Reporting Year	\$128,110,018	\$41,631,715	\$124,443,097	\$63,249,598	\$357,434,428

Note: An accounting change in reporting corporate income tax credits from a fiscal year to a calendar year produced a one-time only 15 month reporting cycle, resulting in an increase of credits claimed for 2007 reporting year.

Submitted by:

Tim Russell  
Commissioner of Revenue

C: Lieutenant Governor Jim Folsom  
Seth Hammett, Speaker of the House  
Members of the Alabama Legislature