

Underwood Named Assistant State Revenue Commissioner

Cynthia Underwood, former director of the Alabama Revenue Department's Individual and Corporate Tax Division, has been named Assistant State Revenue Commissioner. She assumed the senior merit position on May 1, following the retirement of

Corporate Tax Division Correspondence and Assessments Unit Manager. Her 18-year career with the department began with her position as a revenue examiner at the Birmingham Taxpayer Service Center.

A graduate of the University of Alabama with a bachelor's degree in accounting, Underwood also holds a master's degree in accounting from the University of Alabama at Birmingham. She received her law degree from Jones School of Law in 1997 and was admitted to the Bar in 1998. She achieved her Certified Public

Accountant (CPA) designation in 1988 and her Certified Public Manager (CPM) designation in 2001.

State Revenue Commissioner Michael L. Patterson, in acknowledging the appointment, said, "Ms. Underwood brings to the post of assistant revenue commissioner years of valuable experience. A dedicated professional, she is experienced in matters of tax administration, holding both a law degree and a designation as a certified public accountant. She will be an asset to the department's senior management team."



Cynthia Underwood

George E. Mingledorff the end of April.

Underwood's role as director of the Individual and Corporate Tax Division began in June 1997 and was preceded by the following assignments: Individual and Corporate Tax Division Field Activities Section Manager; Individual and Corporate Tax Division Hearings Officer; Individual and

Additional Companies Seeking Franchise Tax Refunds Settle

Since the Jan. 31 announcement by Gov. Don Siegelman that verbal agreements had been reached between the state and 93 refund claimants, 57 additional companies have agreed to settle franchise tax claims, saving the state \$55 million.

As a group, the 150 companies had originally sought \$64 million in franchise tax refunds, but settled for \$9 million, or about 14 cents on the dollar. According to State Revenue Commissioner Michael Patterson, the refunds will be paid in the new fiscal year which begins Oct. 1. Tax credits will not be involved.

The companies include the following: 3M, HealthSouth, Protective Life, McDonald's, Raycom Media, Saks, Southern Living, AT&T Capitol, Mead Corp., McRae's,

Golden Flake Snack Foods, Louisiana Pacific, and Taco Bell.

Following the U.S. Supreme Court's ruling in March 1999 declaring Alabama's franchise tax system discriminatory toward foreign corporations, it was estimated that if full refunds were ordered, they could reach \$600 million. According to the governor's office, claims approximating \$215 million have been settled for \$40 million, resulting in total savings thus far of \$175 million.

Currently there are 350 franchise tax cases pending before the Alabama Revenue Department's Administrative Law Judge, some 100 cases pending in Circuit Court, and numerous petitions for refund. The state continues to participate in settlement talks with numerous companies.

Alabama Revenue Official Chairs International IRP Audit Committee

Jay Starling, audit manager of the Alabama Department of Revenue Motor Vehicle Division, currently serves as chairman of the International Registration Plan (IRP) Audit Committee, a position he will hold until February 2002.



Jay Starling

The International Registration Plan (IRP) and the International Fuel Tax Agreement (IFTA) are reciprocal agreements between the contiguous United States and provinces of Canada which were originated to simplify licensing requirements of interstate motor carriers. Under the agreement concept of "base jurisdiction," motor carriers are allowed to license their vehicles in the jurisdiction where they are based.

The Alabama Revenue Department's Motor Vehicle Division is responsible for administering the agreements for the state. With Alabama licensing approximately 7,200 IRP accounts and 3,400 IFTA accounts, it is necessary that the license fees and/or taxes for each member jurisdiction be accurately apportioned. The IRP and IFTA agreements therefore stipulate that each jurisdiction must audit three percent of its motor carriers per year.

Audit procedures need to be uniform within all member jurisdictions, and the role of the IRP Audit Committee is to establish such uniformity within the following audit areas:

- notification to registrants of an audit
- conducting of an audit
- reporting of an audit
- determination of additional fees
- credits or refunds
- recommendation of necessary sanctions
- advising the Board of Directors on audit-related issues.

Starling's role as chair of the committee includes his assistance as an IRP representative in planning and coordinating an annual audit workshop sponsored by IFTA. The workshop, held in Tempe, Ariz., is a joint endeavor of both IRP Audit Committee representatives and IFTA Audit Committee representatives.

IRS Interest Rate to Drop 8% for Quarter Beginning April 1, 2001

The quarterly interest rate for the calendar quarter beginning April 1, 2001, will drop to eight percent (8%) for underpayments, according to Internal Revenue Service News Release No. 2001-31.

According to §40-1-44, *Code of Alabama 1975*, the Alabama Department of Revenue will calculate interest on underpayments and overpayments (where applicable) at the same annual rate (8%), with the exception of land sold by the state for taxes, which shall be calculated at 12% as provided for under §40-5-9.

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%		

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.
 - Cellular telecommunication services 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.
 - 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.
 - 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

(May, June, July, August 2001)

May

- 15**
- Quarterly insurance premiums 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.
 - Quarterly sales tax return and payment due.
 - Quarterly use tax return and payment due.
 - Quarterly rental or leasing tax return and payment due.
 - Forest products' severance tax return and payment due.
 - Quarterly withholding return and payment due from employer.
 - Quarterly IFTA tax return and payment due.

Aug.

- 15**
- Quarterly insurance premiums tax return and payment due.

Statement of Gross Tax Collections

FYTD 2001 – Through End of Second Quarter
(Jan., Feb., March 2001)

	FYTD '00-'01	FYTD '99-'00	% Change
Business Privilege Tax	\$ 26,558,284.13	\$ 53,006,963.39	(49.90)
Corporation Shares Tax	29,105,970.35	92,914,982.53	(68.67)
Gasoline	184,862,300.99	187,854,576.29	(1.59)
Income Tax (Corporate)	71,046,619.05	112,854,977.10	(37.05)
Income Tax (Ind.)	1,092,047,927.10	1,071,408,047.41	1.93
Motor Fuels (Diesel)	59,585,015.03	59,656,391.46	(0.12)
Oil & Gas Privilege	42,916,754.05	21,880,780.25	96.14
Oil & Gas Production	16,361,581.33	8,076,580.01	102.58
Sales	751,578,883.87	767,447,242.57	(2.07)
Use	99,769,033.95	93,704,565.46	6.47
Utility Gross Receipts	163,095,179.26	143,966,493.96	13.29
Subtotal (Listed Taxes)	2,536,927,549.11	2,612,771,600.43	(2.90)
Subtotal (Other Taxes)	285,894,463.55	313,302,637.67	(8.75)
Total All Taxes	\$2,822,822,012.66	\$2,926,074,238.10	(3.53)

Administrative Rules

Effective Feb. 8, 2001:

Amended:

810-6-3-.07.05 Charitable Organizations and Institutions

Effective March 8, 2001:

Adopted:

810-3-15-.27 Net Operating Loss Carry-back or Carryover

Effective March 14, 2001:

Amended:

810-6-3-.46 Air and Water Pollution Control Exemption

Effective April 17, 2001:

Adopted:

810-5-1-.233.01 Self-Propelled Cranes—Definitions and Exemptions

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