



State of Alabama Department of Revenue

(www.revenue.alabama.gov)
50 North Ripley Street
Montgomery, Alabama 36132

CYNTHIA UNDERWOOD
Assistant Commissioner
LEWIS A. EASTERLY
Secretary

September 26, 2008

NOTICE

TO: All Tobacco Tax Distributors

SUBJECT: Limited Liability Companies – LLCs

On March 16, 1998, the Alabama Department of Revenue issued Revenue Procedure 98-001 which states, “For purposes of the taxing statutes in Title 40, Code of Alabama 1975, all LLCs which, pursuant to Act 97-920, includes both single member and multiple member LLCs...will be classified as they are classified for federal income tax purposes...” Based upon Act 1997-920 and Revenue Procedure 98-001, the Alabama Department of Revenue is to treat all multi-member LLCs as partnerships, and to ignore or “disregard” single member LLCs unless the taxpayer has filed Form 8832 electing to be treated as a corporation for Federal income tax purposes.

The purpose of this notice is to determine if tobacco distributors who have been issued a tobacco stamping permit or registered to pay tobacco taxes and that are limited liability companies are single-member or multi-member, and whether or not the companies have classified under the Internal Revenue Service (IRS) “check-the-box” election as a corporation.

Enclosed with this notice is the applicable permit/registration application that will need to be completed in order to update our files. Also, based upon information provided in this application, the name on your tobacco bond, if applicable, may need amending by providing us a bond rider. If so, after receiving your updated application, we will contact you regarding any changes needed to be made to the bond. Please complete the enclosed application and return it to our office, at the below address, by October 17, 2008.

Should you have questions, we may be reached at the below address or telephone number.

Alabama Department of Revenue
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Tobacco Tax Section
P. O. Box 327555
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(334) 242-9627