



**JULIE P. MAGEE**  
Commissioner

# State of Alabama Department of Revenue

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

April 10, 2014

**MICHAEL E. MASON**  
Assistant Commissioner

**JOE W. GARRETT, JR.**  
Deputy Commissioner

**CURTIS E. STEWART**  
Deputy Commissioner

## **NOTICE**

**TO: All Tobacco Distributors**  
**SUBJECT: Act 2014-341 – Schedule D**

On April 8, 2014, Governor Robert Bentley signed into law Act No. 2014-341 which became effective immediately. This Act requires additional reporting requirements on the Schedule D (Manufacturers Not Participating and Participating in the Tobacco Master Settlement Agreement). For tobacco products imported into the United States and distributed into Alabama, you are now required to report the applicable tobacco importer's full name and address. "Importer" has the same definition under State law as under federal law, 26 U.S.C. § 5702 and is any person in the United States to whom non-tax paid tobacco products or cigarette papers or tubes, or any processed tobacco, manufactured in a foreign country, Puerto Rico, the Virgin Islands, or a possession of the United States are shipped or consigned; any person who removes cigars or cigarettes for sale or consumption in the United States from a customs bonded manufacturing warehouse; and any person who smuggles or otherwise unlawfully brings tobacco products or cigarette papers or tubes, or any processed tobacco, into the United States.

The definition of "units sold" has been amended to also include the number of individual cigarettes sold in the state by the tobacco product manufacturer, whether directly or through a distributor, retailer, or similar intermediary or intermediaries, during the year in question, as to which the state had power to under federal law, but did not, impose and/or collect excise tax. The term specifically includes the following cigarettes, provided such cigarettes were not sold in a transaction that is exempted from Alabama taxation by federal statute or constitution: (i) cigarettes sold to a consumer without payment of the cigarette excise tax on the reservation lands of a federally-recognized Native American tribe, (ii) cigarettes sold for retail sale in Alabama which were exempted from taxation pursuant to Chapter 9, Article 1 of Title 40 and/or any rule or regulation promulgated pursuant thereto, and (iii) cigarettes sold by a seller located outside of Alabama directly to a consumer in this state, without payment of the cigarette excise tax, via mail order, telephone, internet, or other remote means.

As a result of the amendment to the units sold definition, effective April 8, 2014, the following cigarette distributions must be reported on the April 2014 Schedule D (which is due by May 20, 2014) according to NPM product brand sales (Part I) and participating manufacturer (PMs) product brand sales (Part II):

1. Sales to federally-recognized Native American Tribes.
2. Sales to National Guard Units.
3. Any retail sales exempted from Alabama excise tax via Chapter 9, Article 1 of Title 40.
4. Sales exempt from excise taxation by any Alabama rule or regulation.
5. Out-of-state sales made directly to Alabama consumers without payment of the tax via mail order, telephone, internet or other remote means.

We are enclosing a sample of the revised Schedule D form. Questions concerning this notice should be directed to the below address or telephone number.

Business and License Tax Division • Tobacco Tax Section • P O Box 327555 • Montgomery, AL 36132-7555 • (334) 242-9627