

BOND FORM INSTRUCTIONS

TYPES OF BONDS

There are two (2) types of bonds that may be acquired:

1. Consignment Bond - Section 40-25-5 allows the wholesaler/jobber to defer the payment of stamps purchased in one month to the twentieth (20th) of the next month. Purchases cannot exceed the amount of the bond. Without this bond, payment of stamps must be made at the time of purchase.
2. Tobacco/Playing Cards Tax Bond - allows the distributor to make stamp payments by company check in lieu of certified funds or cash provided that the payment is less than \$750. All payments over \$750 are required to be made by Electronic Funds Transfer (EFT).

BOND REQUIREMENTS:

1. The wholesaler/jobber must be a qualified permit holder with the State of Alabama to obtain a consignment bond.
2. The bond should be good and sufficient and must be executed by some surety company authorized/licensed to do business in the State of Alabama.

COMPLETING THE BOND FORM

1. For company name, show name of partnership, corporation, Limited Liability Company (LLC), or etc. (Note: Name on application and name on bond must match.)

For LLC Purposes:

- a. For a single member LLC, show the sole member's name on the company line if federal form 8832 has **not** been submitted to the IRS electing to be treated as a corporation. If federal form 8832 has been submitted to the IRS electing to be treated as a corporation, the bond should be issued in the name of the LLC.
- b. For a multi-member LLC, show the company name and all of its members on the company line if federal form 8832 has **not** been submitted to the IRS electing to be treated as a corporation (For example, ABC Company LLC, and its members Ace Anderson, Bob Bay and Chip Handy). (Attach additional sheets if needed.) If federal form 8832 has been submitted to the IRS electing to be treated as a corporation, the bond should be issued in the name of the LLC. For example, ABC Company LLC.
2. The bond amount is determined by the wholesaler. At no time will the bond amount be exceeded.
3. Notice of loss, under the surety company's expressed conditions, should include the surety's complete mailing address. (Consignment Bond)

The last paragraph of the Tobacco Tax Bond that states, "IN WITNESS we have hereunto set our hands and seals, at" should include the surety's complete mailing address.
4. Officer Signature – If you are a LLC, and all members Do Not sign on this line, you must complete Form TOB: LLC-AUTH. Under the "Officer's Signature" line, type the officer's name and include his/her title.
5. All signatures appearing on the bond and contract must be legible.
6. The bond form must be accompanied by a current power of attorney and both must be signed. Both forms must also be dated with the same date. Officer's and agent's names must be typed under the signature lines.

Note: A wholesaler/jobber cannot have two consignment bonds or two tobacco tax bonds in effect at the same time. It is, however, permissible to have a consignment bond and a tobacco tax bond in effect at the same time.

EFFECTIVE DATE OF THE BOND

The effective date of the bond is the date the bond is approved by the Department's Legal Division. This is the date that permitted wholesalers may purchase stamps on consignment (Consignment Bond) or distributors may submit a company check for cash payment of revenue stamps (Tobacco Tax Bond) provided that the payment is less than \$750. All payments over \$750 are required to be made by EFT.

ELECTRONIC FUNDS TRANSFER

If payment(s) of any particular tax type equals or is more than \$750, funds must be electronically transferred through the Revenue Department's EFT Unit.