

ALABAMA DEPARTMENT OF REVENUE - SALES AND USE TAX RULES
Code of Alabama 1975, Sections 40-23-31 and 40-23-83

810-6-5-.02.02. Informational Report for Entities Having a Statutory Exemption from the Payment of Sales, Use, and Lodgings Taxes.

(1) The term "state sales tax" as used in this rule shall mean the privilege or license tax levied in Section 40-23-2, Code of Alabama 1975, upon the sale of tangible personal property in Alabama.

(2) The term "state use tax" as used in this rule shall mean the excise tax levied in Sections 40-23-61 and 40-23-63, Code of Alabama 1975, upon the storage, use, or other consumption of tangible personal property in Alabama.

(3) The term "state lodgings tax" as used in this rule shall mean the transient occupancy tax levied in Section 40-26-1, Code of Alabama 1975, upon all charges made for the use of rooms, lodgings, or other accommodations in Alabama.

(4) The term "certificate of exemption" as used in this rule shall mean the certificate required to be obtained through the process described in Department of Revenue Rule 810-6-5-.02.01, entitled *State Sales and Use Tax Certificate of Exemption for Entities Having a Statutory Exemption from the Payment of Sales, Use and Lodgings Taxes*.

(5) All persons or companies required to obtain a certificate of exemption as described herein, are required to file an informational report with the Department.

(a) Such required informational reports shall be a prerequisite for the renewal of certificates of exemption.

(b) Any person or company that does not comply with the reporting requirements may be barred from the use of any certificate of exemption until such time as the required informational report is filed with the Department, not to exceed six months from the date of the Department's written notification of revocation for the first offense and not to exceed one year from such date for the second offense. On the third offense, such person or company shall be barred from the use of any certificate of exemption until such time as the person or company is authorized to obtain a certificate of exemption pursuant to a joint resolution by the Alabama legislature. Pursuant to this provision, such person or company will not be able to renew the certificate until the time period for which they are barred from such use has expired. However, the application of this provision shall not void any properly issued certificate during the period for which it was issued.

(6) The Department may assess any person or company with state and local sales, use, and lodgings tax for any transaction conducted with a certificate of exemption not properly accounted for and reported in accordance with the provisions of this rule.

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ALABAMA DEPARTMENT OF REVENUE - SALES AND USE TAX RULES
Code of Alabama 1975, Sections 40-23-31 and 40-23-83

810-6-5-.02.02. (Continued)

(7) Any person or company required to file an informational report as a prerequisite for the renewal of a certificate of exemption shall prepare and forward to the Department, within the time prescribed, the Report of Exempt Purchases for the applicable fiscal year (October 1 through September 30) using forms prescribed by the Department.

(8) For persons or companies having a Certificate of Exemption issued by the Department effective on or after January 1, 2016, and required to meet the filing requirement, the first report required to be filed shall be due by October 31, 2017, for the fiscal year ended September 30, 2017.

(a) Thereafter, informational reports will be required to be filed by October 31, 2021, for the fiscal year ended September 30, 2021, and each quadrennial October 31st thereafter for the prior year period from October 1 through September 30. The Report of Exempt Purchases shall require the following information:

1. Exemption certificate number, federal employer identification number, legal name, trade or business name, and complete address,
2. Fiscal year covered by the report (October 1 through September 30),
3. Whether the certificate holder is a for-profit or non-profit entity,
4. Certificate holders NTEE (National Taxonomy of Exempt Entities) Code on file with the IRS, or equivalent if for-profit,
5. Revenue reported on line 12 of IRS Form 990, Return of Organization Exempt from Income Tax, if certificate holder is a non-profit entity required to file Form 990, or total gross receipts, as reported on federal income tax return, times the Alabama apportionment factor if certificate holder is a for profit entity. For-profit entities not required to complete an unconsolidated federal income tax return or Alabama apportionment schedule must prepare the appropriate pro-forma return and/or schedule for this calculation. If a certificate holder is a nonprofit entity and is not required to file Form 990, such entity shall disclose its gross receipts for its most recent accounting year,
6. Expenses reported on line 18 of IRS Form 990, Return or Organization Exempt from Income Tax, if certificate holder is a non-profit entity required to file Form 990, or total expenditures, as reported on federal income tax return, times the Alabama apportionment factor if certificate holder is a for profit entity. For-profit entities not required to complete an unconsolidated federal income tax return or Alabama apportionment schedule must prepare the appropriate pro-forma return and/or schedule for this calculation. If the certificate holder is a non-profit entity and is not required to file Form 990, such entity shall disclose its total expenditures for its most recent accounting period,

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ALABAMA DEPARTMENT OF REVENUE - SALES AND USE TAX RULES
Code of Alabama 1975, Sections 40-23-31 and 40-23-83

810-6-5-.02.02. (Continued)

7. A breakdown, by applicable tax rate, of the total purchase price of tangible personal property purchased or consumed in Alabama during the tax reporting period,

8. Total amount of charges resulting from the use of rooms, lodgings, or other accommodations in Alabama during the tax reporting period, and

9. Signature, printed name, title, telephone number and e-mail address (if any) of certificate holder or certificate holder's duly authorized representative and the date signed.

(9) Informational reports shall be filed electronically through the Department's electronic filing system, My Alabama Taxes. (Sections 40-2A-7(a)(5), 40-23-31 and 40-23-120, Code of Alabama 1975, effective June 4, 2016, amended effective November 14, 2016.)