

ALABAMA DEPARTMENT OF REVENUE

OIL AND GAS SEVERANCE TAX

810-8-6-.03 Procedures for Reporting and Remitting Oil & Gas Privilege Taxes for Wells Located within the Corporate Limits or Police Jurisdiction of a Municipality.

(1) Section 40-20-8, Code of Alabama 1975, states the following regarding oil and gas privilege taxes: “Ten percent of all taxes herein levied and collected on oil and gas produced from oil or gas wells located within the corporate limits or the police jurisdiction of any municipality shall be allocated and distributed to each such municipality; except that all wells within the corporate limits or police jurisdiction of any municipality where taxes are levied and collected at a rate of four percent, 10 percent of all said four percent taxes shall be distributed to each such municipality.”

(2) Oil and gas producers reporting on wells located within the corporate limits or police jurisdiction of a municipality must identify the privilege tax paid on such production.

(3) The county and municipality of severance must be reported on the monthly return to be filed on forms prescribed by the Commissioner. The return is due on or before the fifteenth (15th) day of each month for the second preceding month’s production. The return must be signed by an authorized officer under penalty of perjury that the information contained in the return is true and correct.

(Sections 40-2A-7(a)(5) and 40-20-4(d), Code of Alabama 1975, effective March 4, 2010)