

# Alabama Department of Revenue

News Release

Feb. 14, 2003

## Consumer Use Tax Line Item Reminder

*Montgomery*—As the 2003 individual income tax filing season gets underway, taxpayers and tax preparers are reminded of the convenient line item featured on the 2002 state income tax return used to report and pay any consumer use tax due on catalog and Internet purchases made by Alabama residents.

Merchandise bought outside of Alabama and brought into the state for use or consumption is subject to Alabama “use” tax if no tax was paid to the other state at the time of purchase. Use tax applies to both catalog and Internet sales.

As a general rule, many catalog and Internet retailers do not meet state sales tax or state use tax reporting requirements, and they are not legally required to collect a sales tax or a use tax from their customers. If no tax has been collected by the seller, then the Alabama tax liability passes to the consumer or the purchaser.

“Because many Alabama consumers are unaware of their tax obligation, it often slips by unnoticed,” explained State Revenue Commissioner Dwight Carlisle.

Catalog sales, coupled with the explosive growth of Internet sales, have created a new economy and marketplace, bringing the use tax to the forefront in state tax structures and prompting states to look at ways to enforce the tax more effectively. Alabama, like other states, has stepped up its use tax education and sought ways to make reporting and paying the tax more convenient for taxpayers.

“The department endeavors to make the use tax reporting easier for consumers,” said Carlisle. “Many ‘electronic’ and catalog shoppers are simply unaware that Alabama tax is due if no tax has been collected on their purchases by the Internet or catalog retailers. That is why on the Alabama individual income tax return, we offer an alternative reporting method to taxpayers,” explained Carlisle. “Individuals can still

—MORE—

report and pay any consumer use tax due by filing a separate consumer's use tax return, but the line item feature simply makes the reporting easier and more convenient, promoting better compliance.”

The state use tax rate is four percent, the same as the state sales tax rate. As is the sales tax, the four-percent use tax is specifically earmarked for the state's Education Trust Fund. Items subject to use tax are the same items that would be subject to sales tax if purchased in Alabama such as computers, books, electronic equipment, furniture, jewelry, and clothing. A worksheet is included in the 2002 return booklet for use in calculating the amount of use tax due on purchases on which no tax was paid. Sales receipts or sales invoices are not required. Individuals are not required to provide the dates of purchases or from whom the purchases were made. Only the total of the purchase prices is necessary to compute the tax.

This is the third year that the department has offered a line item on the Alabama return for taxpayers to report any consumer use tax that is due. During the 2002 filing season, 6,540 Alabama households reported consumer use tax on Alabama returns, totaling \$219,276, up from \$203,344 reported in 2001.

“In addition to filing convenience, the line item serves to create a significant public awareness of the consumer use tax liability, as over 1.7 million Alabama individual income tax returns are filed each year during the filing season,” said Carlisle.

For more information concerning Alabama's consumer use tax reporting requirements, contact the Alabama Department of Revenue Sales, Use and Business Tax Division at (334) 242-1490 or visit the department's Web site at [www.ador.state.al.us](http://www.ador.state.al.us).

---

**Media contact for more information:**

ADOR Media Affairs Office: Carla A. Snellgrove or Carolyn Blackstock:  
(334) 242-1390; FAX: (334) 242-0550  
[www.ador.state.al.us](http://www.ador.state.al.us)