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Commissioner

State of Alabama Department of Revenue

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Montgomery, Alabama 36132

JOE W. GARRETT, JR.
Deputy Commissioner

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Deputy Commissioner

BRENDA R. COONE
Deputy Commissioner

July 12, 2016

NOTICE

To: Every provider of pharmaceutical services subject to the Pharmaceutical Providers Tax

Please be advised that effective June 17, 2016, the Pharmaceutical Providers Tax which is currently imposed at the rate of 25 cents for each prescription filled or refilled for a citizen of Alabama has been decreased to the rate of 10 cents per each prescription filled or refilled for a citizen of Alabama. The decrease removes the supplemental tax of 15 cents per prescription that was levied under Act 2015-537. Based on language in the Act, the Alabama Department of Revenue has determined that the supplemental privilege tax ceased immediately when The Centers for Medicare and Medicaid Services (CMS) notified the Alabama Medicaid Agency in writing that it was rejecting the Agency's request for an increase to the pharmacy dispensing fee.

Please note that this rate decrease will be reflected on the June 2016 return which is due on or before July 20. The return will have a line for prescriptions sold June 1 through June 16 which will be taxable at the rate of 25 cents per prescription. A second line will be provided for prescriptions sold June 17 through June 30 which will be taxable at the rate of 10 cents per prescription. Beginning with the July 2016 return which is due on August 20, the rate will be 10 cents per prescription filled or refilled. If you filed your June 2016 Pharmaceutical Providers Tax return before the referenced changes were made, you may complete an amended return in your My Alabama Taxes online filing and receive a credit to be applied to your next return.

If you have any questions regarding the rate decrease in the Pharmaceutical Providers Tax, please contact the Sales and Use Tax Division at the address or telephone number shown below:

Alabama Department of Revenue
Sales and Use Tax Division
P. O. Box 327710
Montgomery, Al 36132-7710
Phone: (334) 242-1490
Fax: (334) 353-7867