



**JULIE P. MAGEE**  
Commissioner

# State of Alabama Department of Revenue

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## NOTICE

### **To all persons, firms and corporations located outside Alabama and making retail sales of tangible personal property into the State of Alabama:**

Effective October 1, 2015, for tax returns which are due on or before November 20, 2015, Legislative Act No. 2015-448, entitled the "Simplified Seller Use Tax Remittance Act," allows eligible sellers to participate in a program to collect, report and remit a flat eight percent (8%) sellers use tax on all sales made into Alabama. An eligible seller is one that sells tangible personal property or a service into the State of Alabama from an inventory or location outside the state but does not have a physical presence in the State of Alabama and who is not otherwise required by Sections 41-4-116 or 40-23-190, Code of Alabama 1975 to collect tax on sales made into the state.

In order to qualify to collect and remit the flat eight percent (8%) sellers use tax, eligible sellers must apply and be accepted into the program established by this act. Those sellers who have been approved to participate will collect, report, and remit the eight percent (8%) simplified sellers use tax for as long as they remain in the program. The simplified sellers use tax is required to be electronically reported and paid by the 20<sup>th</sup> day of each month for the preceding month's tax collected. In addition, participating eligible sellers may deduct and retain a discount equal to two percent (2%) of the simplified sellers use tax properly collected and remitted to the Alabama Department of Revenue in a timely manner.

In the event that there is a change in federal law, whether it be federal legislation or by decision of the U. S. Supreme Court, that removes current federal limitations on states' ability to enforce their sales and use tax jurisdiction against businesses that lack a physical presence, those businesses registered with the Department as a participant in the program at least six months prior to the change in law will continue to qualify for the program.

Participating eligible sellers are required to maintain records of all sales delivered into Alabama, including copies of invoices showing the purchaser's name and address, purchase amount, and the amount of the simplified sellers use tax collected. If a seller is determined to not be in compliance with the terms authorizing participation in the program, the seller shall be subject to the negligence and/or fraud penalties provided in Section 40-2A-11, Code of Alabama 1975, and will be removed from the program.

The flat tax applies to all sales regardless of the locality shipped to in Alabama. The collection and remittance of the simplified sellers use tax relieves the eligible seller and the purchaser from any additional state and local sales or use tax on the transaction. Purchasers from whom the tax has been collected may apply for a refund or take a credit on their consumer's use tax return if the eight percent (8%) collected by the eligible seller exceeds the purchaser's combined state and local tax rate. The local portion of the simplified sellers use tax will be distributed to cities and counties of the State of Alabama based on population.

If you have questions regarding this program or would like to request an application, please visit the Department's website at <http://www.revenue.alabama.gov/> or contact the Sales and Use Tax Division at (334) 242-1490 or our toll-free number 1-(866)-576-6531.