State of Alabama
Department of Revenue

(www.revenue.alabama.gov)
50 North Ripley Street
Montgomery, Alabama 36132

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Deputy Commissioner

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Secretary

September 2010

Subject: Requirement to make estimated sale tax payments
      Account Number SLS-XXXXXXXXXX

This notice is for all persons, firms, and corporations whose average monthly sale tax liability was $1,000.00 or greater during calendar year 2009 and who are not currently making estimated payments.

Upon reviewing your monthly sales tax returns for the calendar year 2009, we find that you are now subject to the provisions of Section 40-23-7, Code of Alabama 1975, which requires estimated payments during the period in which the liability accrues. This requirement applies to state sales tax only. Estimated payments are not required for city and county sales taxes.

Your first estimated payment will be for the month of October 2010 and should be reflected on your September 2010 return, due on or before October 20, 2010. Estimates must be at least 2/3 of the actual tax due for the same calendar month last year, or 2/3 of the current month's estimated tax due.

Instructions for filing returns with estimated payments are printed on the reverse side of this notice.

You may direct questions concerning estimated payments to this office.

Sales, Use & Business Tax Division
P. O. Box 327710
Montgomery, AL 36132-7710
(334) 242-1490

Instructions

<u>TO COMPUTE ESTIMATED TAX LIABILITY:</u>

Line 9 - Show estimate of tax for the current month. Your estimate must be at least 2/3 of the actual tax due for the same calendar month last year, or 2/3 of the tax due for the current month. **Your estimate cannot be less than zero.**

TO COMPUTE TAX FOR PRECEDING MONTH:

Line 1 - For the previous month, enter total gross sales, receipts from places of amusement and withdrawals. Use Column A for farm machinery and manufacturing machinery. Use Column B for automotive vehicles. Use Column C for gross sales of food products sold through vending machines. Use Column D for all other sales of tangible personal property and for gross receipts from places of amusement and entertainment.

Line 2 - Enter deductions under proper columns.

Line 3 - Subtract Line 2 from Line 1, and enter results. **This amount will be automatically calculated**.

Line 4 - Compute tax on amounts shown on Line 3 and enter results. **This amount will be automatically calculated.**

Line 5 - For auto dealers only. Compute and enter tax on demonstrator automobiles.

Line 6 - Enter total of Line 4 Columns A, B, C, & D & Line 5. **This amount will be automatically calculated.**

Line 7 - Enter discount. No discount is allowed unless tax is timely paid. Discount for prompt payment is 5% on the first $100.00 or less of tax, plus 2% on tax due in excess of $100.00. **Please note that the monthly discount may not exceed $400.00.**

Line 8 - Enter estimated payment made on last month's report. This is the amount on Line 9 from the previous month's report. **Please bear in mind, that Line 8 should have a zero amount on the initial estimated return. This amount will be brought forward automatically from the previous month's return after the initial estimated amount is reported on Line 9.**

Line 10 - Enter result of Line 6 minus lines 7 and 8 plus line 9. **This amount will be automatically calculated.**

TO COMPUTE TOTAL AMOUNT DUE:

Line 11 - Returns filed after the due date are subject to a "failure to timely file" penalty equal to the greater of 10% of the tax required to be paid on the return or $50.00. Tax payments received after the due date are subject to a "failure to timely pay" penalty equal to 10% of the delinquent tax. If the tax is not timely paid, interest is also due at the same rate established by the Secretary of the Treasury under authority of 26 USC 6621. **This amount will be automatically calculated.**

Line 12 - Enter amounts over collected.

Line 13 - Enter credit for previous overpayments.

Line 14 - Enter total of Line 10 plus lines 11 and 12 minus line 13.

Returns must be filed electronically for each calendar month and are due on or before the 20th day of the month following the month covered by the return.