

# Revenue REVIEW

2nd Quarter  
FY 2010  
(January, February,  
March 2010)

A Quarterly Publication of the Alabama Department of Revenue

## Charles Clack Named GFOAA President

Charles Clack, Assistant Director of the ADOR Financial Operations Section, was elected to serve as president of the Government Finance Officers Association of Alabama (GFOAA), for the program year beginning April 1, 2010.

Clack, who was elected at the organization's annual meeting, has been a member for many years, serving on the board of directors and in a variety of other officer positions.



Charles Clack

## Offshore Tax Account Holders Have Limited Time to Pay What They Owe Alabama

Following last year's successful effort to encourage delinquent tax filers to pay what they owe, the state is now offering a time-limited opportunity for anyone trying to avoid Alabama taxes by using hidden, offshore bank accounts, to come forward without penalty.

Individuals and businesses using hidden, offshore accounts in order to avoid Alabama's tax laws have until Sept. 30 to report the hidden account, file past-due returns or amend their prior-year returns, and properly report their Alabama tax liabilities. Those that do will avoid penalties and possible criminal prosecution by the Alabama Department of Revenue.

The Internal Revenue Service recently offered a similar disclosure program for a limited time last year and reported an impressive response, with thousands of taxpayers coming forward, and several other states are offering similar programs.

*(Continued on Page 4)*

## Huntsville Taxpayer Service Center to Move



Effective July 1, 2010, the **Huntsville Taxpayer Service Center** will move to its new location.

4920 Corporate Drive  
Suite H  
Huntsville, AL 35805



## IRS News

# IRS Makes Tax Information More Accessible to Small Businesses and the Self-employed

Submitted by John Berger, editor, eNews

## Updated Virtual Small Business Tax Workshop

The IRS's Virtual Small Business Tax Workshop is an interactive resource to help small business owners learn about their federal tax rights and responsibilities. This dynamic educational product, available online

and on CD 24/7 from your computer, consists of nine stand-alone lessons that can be selected and viewed in any sequence. A bookmark feature makes it possible to leave and return to a specific point within the lesson. Users also have access to a list of useful online references that enhance the learning experience by allowing them to view references and the video lessons simultaneously.

The Virtual Small Business Tax Workshop is the first of a series of video products designed exclusively for small business taxpayers. A new companion series called, "Your Guide to an IRS Audit" is in development with plans for a summer 2010 launch.

## IRS.gov now features audio and video

IRS is augmenting its curriculum of online learning and educational products for the small business community by developing new live broadcasting, phone forums and webinars, and offering audio and video presentations.

## Testing social media

The IRS is testing social media. We have launched a YouTube video site at YouTube - irsvideos's Channel and an iTunes podcast to help taxpayers take full advantage of the 2009 tax provisions in the American Recovery and Reinvestment Act.

The IRS YouTube channel debuted with seven Recovery videos in English and American Sign Language and eight in Spanish plus other languages.

People without an iTunes account can hear those same podcasts, in English and Spanish, on IRS.gov's Multimedia Center. People can also visit the audio site at iTunes to listen to IRS podcasts about ARRA tax credits.

To get the most timely IRS news and information about products and services for small businesses and the self-employed, subscribe to e-News on IRS.gov at <http://www.irs.gov/businesses/small/article/0,,id=154825,00.html>, click "Subscribe Now" at the bottom of the page and enter your e-mail address.

## NADA Recognizes ADOR Title Section

Revenue's Motor Vehicle Division, Title Section, was recently recognized by the National Automobile Dealers Association (NADA) with a Certificate of Appreciation.

The NADA Appraisal Guides certificate was presented to the Title Section "in recognition and appreciation of their contribution to the Title and Registration Textbook Advisory Board" of the NADA.



Don Clemons (left), Title Section Manager, and Jonathan Lawrence, Title Section Processing Manager, hold the Certificate of Appreciation recently awarded to the division employees.

# Administrative Rules

## **Effective Feb. 1, 2010:**

### **Amended:**

810-1-1-.05 Regulations for the Control of Funds Advanced to Pay Travel Expenses

### **Repealed:**

810-5-41-.06 Salvage—Salvage of Junk Vehicles Brought into Alabama

810-5-76-.01 Odometer Disclosure Requirements

## **Effective Feb. 11, 2010:**

### **Amended:**

810-5-1-.223 Off-the-Road Machinery—Definitions and Exemptions

### **Repealed:**

810-5-1-.233.01 Self-propelled Cranes—Definitions and Exemptions

## **Effective Feb. 26, 2010:**

### **Adopted:**

810-5-1-.247 Guidelines for Vehicle Identification Number (VIN) Inspections

### **Repealed:**

810-5-41-.01 Salvage—Plate Removed, Number Inscribed on Salvage; Number Furnished on Application for Alabama Vehicle Identification Number, and Number Required on All Bills of Sale or Invoices Upon Sale of Salvage

810-5-75-.26 Title Procedure—Owner Application for an Alabama Certificate of Title on a Used (1975 and Later Models) Vehicle, Currently Titled in Another State

810-5-3-.01 Exclusion—Manufactured Home and Travel Trailer, and Mobile Trailer

## **Effective March 4, 2010:**

### **Adopted:**

810-8-6-.02 Procedures for Reporting and Remitting Oil & Gas Production and Privilege Taxes for Offshore Production

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

### **Amended:**

810-5-75-.40 Application for Certificate of Title—Requirements and Names and Signatures on Title Application and Title Assignments. Reference: Sections 32-8-1

through 32-8-88, *Code of Alabama 1975*, as amended

### **Repealed:**

810-5-5-.02 Application for Certificate of Title—Requirements for Name and Address. Reference: Sections 32-8-1 through 32-8-87, *Code of Alabama 1975*, as amended

810-5-5-.04 Application for Certificate of Title—Legal Name of Owner. Reference: Sections 32-8-1 through 32-8-7, *Code of Alabama 1975*, as amended

## **Effective April 29, 2010:**

### **Amended:**

810-5-75-.24 Title Procedure—First & Second Lien (s) to be Recorded (Security Interest Created by Owner). Title Procedure—Assignment and Transfer of Lien by Lienholder

### **Repealed:**

810-5-75-.16 Title Procedure—Assignment and Transfer of Lien by Lienholder

810-5-75-.20 Title Procedure—Second or Third Lien or Security Interest Releases on Title

810-5-75-.23 Title Procedure—Second Lien to be Added (Security Interest Created by Owner)

## **Effective May 14, 2010:**

### **Amended:**

810-5-1-.206 United States Armed Forces

Reserve Distinctive License Plates  
810-5-1-.208 National Guard Distinctive License Plates

810-5-1-.209 Helping Schools Distinctive License Plates

810-5-75-.09 Title Procedure—Transfer of Title for a Vehicle from a Deceased Owner

### **Adopted:**

810-5-1-.236.01 Extending the Period for Use of God Bless America License Plates

### **Repealed:**

810-5-75-.10 TITLE PROCEDURE—Transfer of Title for a Vehicle from a Deceased Owner Whose Estate Does Not Require Probate (Left Will). Reference: Sections 32-8-1 through 32-8-87, *Code of Alabama 1975*, as amended.

810-5-75-.11 TITLE PROCEDURE—Transfer of Title for a Vehicle from a Deceased Owner Whose Estate Requires Probate (Left Will). Reference: Sections 32-8-1 through 32-8-87, *Code of Alabama 1975*, as amended.

810-5-75-.12 TITLE PROCEDURE—Transfer of Title for a Vehicle from a Deceased Owner Whose Estate Requires Probate (Left Will). Reference: Sections 32-8-1 through 32-8-87, *Code of Alabama 1975*, as amended.

## **Sales, Use and Business Tax News**

### **Update to Online Filing & Payment System Regarding International ACH Debit/Credit Transactions (IATs)**

**E**ffective April 1, 2010, the Paperless Filing & Payment System will be updated in regard to EFT payments. Based on the National Automated Clearing House Association (NACHA) rule, any ACH Debit or ACH Credit payment funded by a financial institution or agency outside of the territorial jurisdiction of the United States must be treated as an International ACH Transaction (IAT). This change will affect all EFT payments (current or delinquent) made online after April 1. All taxpayers who are required or select to pay via EFT Debit will be required to state whether the payment transaction being submitted is an IAT and provide additional information to proceed or make the payment via ACH Credit.

Click the following links for more information:

- Manual Entry Returns and Payment Only Transactions
- Bulk File/Upload Method
- Telephone Method

For further information, visit [www.revenue.alabama.gov](http://www.revenue.alabama.gov).

## Offshore Tax Account Holders

(Continued from Page 1)

Last year, the state waived penalties for delinquent taxpayers who came forward during a three-month period and voluntarily paid their tax liabilities. That effort brought in more than \$8.1 million in unpaid taxes.

“Individuals and businesses that voluntarily disclose their hidden assets and pay all back taxes, along with interest, will not be assessed tax penalties or face criminal prosecution from the Department of Revenue,” explained Commissioner Tim Russell.

“We encourage individuals and businesses who can take advantage of this program to do so. Do not let this opportunity pass,” added Russell. “When these accounts are disclosed to the department by other sources, it will be too late to expect leniency.”

The program is available to both individual and business taxpayers and applies to individual and corporate income taxes. This program, however, is not available to persons who are already under investigation by the Alabama Department of Revenue or who have been contacted by the department regarding their proper tax liability.

Individuals and businesses wanting to take advantage of this program can send their delinquent or amended tax returns to the Alabama Department of Revenue, P.O. Box 327010, Montgomery, AL 36132-7010. Filers taking advantage of this program should write “Offshore” in red ink at the top of the Alabama return.

Those with any questions can call at 866-326-6755 or 334-242-1380.

## Interest Rates Remain the Same for Second Calendar Quarter 2010

Interest rates for the calendar quarter beginning April 1, 2010, remain the same (4% a.p.r.) for underpayments, according to the Internal Revenue Service Ruling 2010-9. This ruling was scheduled to appear in Internal Revenue Bulletin No. 2010-13, dated March 29, 2010.

Under Sect. 40-1-44, *Code of Alabama 1975*, the Department of Revenue will calculate interest on underpayments and overpayments (where applicable) at this same annual rate (4%); however, land sold by the state for taxes, shall be calculated at 12% in accordance with Sect. 40-5-9. (Historical rates shown below.)

### Interest Rates By Calendar Quarter

(Established by: 26 USCA §6621; §40-1-44, *Code of Alabama 1975*)

	1ST QTR	2ND QTR	3RD QTR	4TH QTR
<b>2001</b>	9%	8%	7%	7%
<b>2002</b>	6%	6%	6%	6%
<b>2003</b>	5%	5%	5%	4%
<b>2004</b>	4%	5%	4%	5%
<b>2005</b>	5%	6%	6%	7%
<b>2006</b>	7%	7%	8%	8%
<b>2007</b>	8%	8%	8%	8%
<b>2008</b>	7%	6%	5%	6%
<b>2009</b>	5%	4%	4%	4%
<b>2010</b>	4%	4%		

### Statement of Gross Tax Collections

Through End of 2nd Quarter FY 2010  
(January, February, March 2010)

	FYTD 2009-2010	FYTD 2008-2009	% Change
Business Privilege Tax	\$ 76,542,999.03	\$ 76,855,503.94	(0.41)
Gasoline	195,989,221.94	194,436,436.47	0.80
Income Tax – Corporate	202,088,983.94	211,869,938.72	(4.62)
Income Tax – Individual	1,539,624,875.38	1,581,431,511.07	(2.64)
Income Tax (Total)	1,741,713,859.32	1,793,301,449.79	(2.88)
Motor Fuels	58,880,002.32	59,171,517.43	(0.49)
Oil & Gas Privilege (8%)	33,042,955.11	52,306,481.41	(36.83)
Oil & Gas Production (2%)	11,155,735.56	21,628,250.13	(48.42)
Sales	899,569,186.24	913,099,404.99	(1.48)
Use Tax	120,154,383.12	129,855,978.41	(7.47)
Utility Gross Receipts	225,588,583.58	213,744,083.99	5.54
<b>SUBTOTAL</b>	<b>3,362,636,926.22</b>	<b>3,454,399,106.56</b>	<b>(2.66)</b>
<b>SUBTOTAL (OTHER TAXES)</b>	<b>752,485,323.21</b>	<b>763,076,064.27</b>	<b>(1.39)</b>
<b>TOTAL (ALL TAXES)</b>	<b>\$4,115,122,249.43</b>	<b>\$4,217,475,170.83</b>	<b>(2.43)</b>

# Tax Calendar

## Required Monthly Returns Tax Activity

**10th** • Medicaid-related tax return and payment due for nursing facilities.

- Tobacco use tax return and payment due.

**15th** • Gasoline information return due from carriers, transporters, and warehouses.

- Lubricating oils information return due from carriers, transporters, and warehouses.
- Motor carrier mileage tax return and payment due.
- Oil and gas production tax and privilege tax return and payment due two months following month of production.

**17th** • Withholding return and payment due from those employers required to remit on a monthly basis

**20th** • Aviation fuel tax return and payment due.

- Coal severance tax return and payment due.
- Coal transporters' and purchasers' returns due.
- Contractors' gross receipts tax return and payment due.
- Gasoline tax return and payment due.
- Iron ore severance tax return and payment due.
- Local solid minerals tax returns and payments due.
- Lodgings tax return and payment due.
- Lubricating oils tax return and payment due.
- Medicaid tax return and payment due from pharmaceutical service providers.
- Mobile telecommunications tax return and payment due.
- Motor fuel tax return and payment due.
- Natural minerals severance tax return and payment due.
- Pari-mutuel pool tax return and payment due.
- Rental or leasing tax return and payment due.
- Sales tax (state and local) return and payment due.
- Scrap Tire Environmental Fee due.
- Tobacco tax (state and county) return and payment due.

- Underground and aboveground storage tank trust fund charge due.
- Use tax return and payment due.
- Utility gross receipts tax return and payment due.

**30th** • Hazardous waste fee return and payment due.

Last day

of month • State horse wagering fee return and payment due.

## Quarterly/Annual Tax Activity

(June, July, August 2010)

### June

- 15** • Second installment of estimated corporate income tax due (for calendar-year taxpayers).
- Second installment of estimated personal income tax due.

### July

- 1** • Quarterly Dry Cleaning Trust Fund Fee return and payment due.
- Utility License (2.2%) fourth quarterly payment due.

**20** • Quarterly sales tax return and payment due.

- Quarterly use tax return and payment due.
- Quarterly rental or leasing tax return and payment due.
- Quarterly Solid Waste Disposal Fee return and payment due.

**30** • Quarterly forest products' severance tax return and payment due.

**31** • Quarterly withholding return and payment due from employer.

- Quarterly IFTA tax return and payment due.



**TIM RUSSELL**  
Commissioner

# State of Alabama Department of Revenue

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

**CYNTHIA UNDERWOOD**  
Assistant Commissioner  
**LEWIS A. EASTERLY**  
Secretary

January 25, 2010

## ANNUAL REPORT OF QUALIFYING PROJECTS FOR CAPITAL CREDIT

*In accordance with Section 40-18-196, Code of Alabama 1975, this report shall serve as the report required to be issued annually to the Alabama Legislature and the public by the Alabama Department of Revenue, before the fifth Legislative day of each regular session, as to the qualifying projects with respect to which capital credits are claimed during the year.*

The Department of Revenue has approved a total of 904 notices of intent to invest in capital credit projects with 96,153 jobs estimated, with a total of \$21,875,908,153 in estimated investment costs. Of the 904 projects approved, 392 projects have filed reports of being placed in service with a total of \$14,067,004,706 in actual investment costs and at least 50,091 actual jobs created. Currently, the department is holding several additional applications for the capital credit pending receipt of requested additional information.

Since enactment, approximately \$405,033,600 in capital credits has been claimed against the income tax liability of projects that have been placed in service.

Data Based on Notices of Intent to Invest in Capital Credit Projects Received in Reporting Year					
Reporting Year	1995-2006	2007	2008	2009	Total For All Years
Notices of Intent	737	65	57	45	904
Estimated Jobs to be Created Based on Notices of Intent	84,245	4,778	3,853	3,277	96,153
Estimated Project Costs Based on Notices of Intent	\$16,785,761,379	\$1,137,661,112	\$1,716,987,890	\$2,235,497,772	\$21,875,908,153
Data Based on Notices of Projects Placed In Service Received in Reporting Year					
Reporting Year	1995-2006	2007	2008	2009	Total For All Years
Notices of Projects Placed in Service	290	37	35	30	392
Actual Jobs Created Based on Notices of Projects Placed In Service	33,978	6,709	4,647	4,757	50,091
Actual Project Costs Based on Notices of Projects Placed In Service	\$9,083,821,034	\$1,804,391,715	\$959,599,028	\$2,219,192,929	\$14,067,004,706
Data Based on Income Tax Capital Credits Claimed In Reporting Year					
Reporting Year	1995-2006	2007	2008	2009	Total For All Years
Capital Credits Claimed in Reporting Year	\$169,741,733	\$124,443,097	\$63,249,598	\$47,599,172	\$405,033,600

Note: An accounting change in reporting corporate income tax credits from a fiscal year to a calendar year produced a one-time only 15 month reporting cycle, resulting in an increase of credits claimed for 2007 reporting year.

Submitted by:

Tim Russell  
Commissioner of Revenue

C: Lieutenant Governor Jim Folsom  
Seth Hammett, Speaker of the House  
Members of the Alabama Legislature