

Alabama Department of Revenue

News Release

May 31, 2001

Notice to Alabama Retailers: Maximum Timely-Filing Discount Cap Now Set at \$400

Montgomery—State Revenue Commissioner Michael L. Patterson reminds Alabama retailers that beginning with the May 2001 state and state-administered county and municipal sales tax returns, due June 20, 2001, the maximum timely-filing discount is now limited to \$400 per month for each retail license holder.

Executive Order Number 53, issued May 22, 2001, by Governor Don Siegelman, sets a \$400 monthly limit on the amount of sales taxes that may be retained by retailers, effective May 1, 2001. The Order replaces the previous Order issued April 26, 2001, which set the discount cap at \$200.

“State law allows retailers who file their state and state-administered local sales taxes on time to retain up to a certain percentage of the total sales taxes collected from their customers as an incentive to file returns and remit monthly sales tax collections on time,” explained Patterson. “The law also allows the governor the authority to set the discount amount within certain limits.”

The timely-filing discount is calculated based on a percentage of the amount of sales taxes collected by Alabama retailers from their customers. The timely-filing discount in no way affects the rate or amount of tax paid by the Alabama customer.

To claim the monthly discount, Alabama retailers must file sales tax returns and remit sales taxes collected from their customers by the filing deadline date, which is the 20th of the month for the previous month’s sales. Only one timely-filing discount is

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allowed per license holder per month, regardless of the number of retail locations within the state.

The timely-filing discount also applies to all contractor gross receipts tax account holders. The contractor gross receipts tax applies to individuals or businesses involved in the construction, reconstruction, or building of any public highway, road, bridge, or street located within Alabama. Like the sales tax, returns and payments for the contractor gross receipts tax are filed and paid by the 20th of each month for the previous month's receipts.

Under the new discount cap, sales tax collections and/or gross receipts tax collections must exceed \$19,850 monthly per license holder in order for the \$400 discount cap ceiling to apply.

For additional information, contact the Alabama Department of Revenue, Sales, Use & Business Tax Division at (334) 242-1490 or visit the department's Web site at www.ador.state.al.us.

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