June 8, 2017

NOTICE

To All Concentration Yards, Manufacturers, Processors and Producers of Forest Products

According to Act Number 2017-301 which was signed into law by Governor Kay Ivey on May 16, 2017, effective July 1, 2017, the Forest Products Severance Tax is now levied and collected on every person who owns timber prior to severance and engages in the business of severing timber or any other forest products in Alabama from the soil for sale, profit, or commercial use whether as owner, lessee, concessionaire, or contractor. Every manufacturer (paper mill, pulp mill, oriented strand board mill, pellet mill, etc.), concentration yard, processor (chip mill, etc.), and producer (exporter) must file and remit the Forest Products Severance Tax per the following tax rates:

Pine Logs received by a concentration yard, manufacturer, or processor	$.10/ton
Pine Logs exported out-of-state	$.10/ton
Logs-All Other Species received by a concentration yard, manufacturer, or processor	$.065/ton
Logs-All Other Species exported out-of-state	$.065/ton
Pulpwood received by a concentration yard, manufacturer, or processor	$.10/ton
Pulpwood exported out-of-state	$.10/ton
Stumpwood received by a manufacturer	$.125/ton
Stumpwood exported out-of-state	$.125/ton
Poles/Pilings received by a concentration yard or manufacturer	$.205/ton
Poles/Pilings exported out-of-state	$.205/ton
Inwoods Pulpwood Chips received by a concentration yard or manufacturer	$.10/ton
Inwoods Pulpwood Chips exported out-of-state	$.10/ton

The Forest Products Severance Tax applies to pulpwood and logs. However, pulpwood chips and residual pulpwood chips that are produced from pulpwood and logs during the normal manufacturing process are not subject to an additional severance tax. Manufacturers who wish to be exempt from the Forest Products Severance Tax on pulpwood chips or residual pulpwood chips purchased from a manufacturer, concentration yard, or processor must obtain an exemption certificate from the seller stating that the seller is registered with the Department to remit the Forest Products Severance Tax.

There is also an additional privilege tax known as the Forest Products Manufacturers Tax levied against the manufacturer using the forest products in the manufacturing process in an amount equal to 50% of the severance tax. Every manufacturer must file and remit the Forest Products Manufacturers Tax. This tax applies to manufacturers located only within this state. Manufacturers utilizing pulpwood chips and residual pulpwood chips in the manufacturing process are subject to the Forest Products Manufacturers Tax.

Fuel chips produced in the woods at the site of severance are not subject to the Forest Products Severance or Manufacturers Tax. Fuel chips include woodchips that are produced from tree tops and limbs, logging slash, down timber material or standing live or dead trees which do not meet commercial standards and are used as a form of energy in conjunction with a manufacturing process. Fuel chips do not include materials utilized as feedstock in the manufacturing process.

The revised tax rates will be added to the forest products tax returns for the July-September 2017 quarter that is due no later than **October 30, 2017**. Please log into your MyAlabamaTaxes (MAT) account to file the returns and remit the appropriate tax by the due date. For your convenience, a sample of the revised tax returns is available on our website.

If you have questions regarding the Forest Products Severance and Forest Products Manufacturers Taxes, please visit the Department's website at http://revenue.alabama.gov/severancetax/fptax.cfm or you may contact our office at the below address or telephone number.

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