



**G. THOMAS SURTEES**  
Commissioner

# State of Alabama Department of Revenue

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Montgomery, Alabama 36132

November 7, 2005

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

## **NOTICE**

**TO: All Tobacco Distributors**

**FROM: Alabama Department of Revenue  
Tobacco Tax Section**

**SUBJECT: State-administered County Tobacco Tax Stamps**

During the 2004 Regular Session of the Alabama Legislature, Act Number 2004-545 was passed requiring, among other things, that "Local taxes ... shall be paid ... through the use of stamps affixed to the product as provided herein for the state tax." Subsequently, it was determined that it would not be economical for the state to have tax stamps prepared and issued for the county tobacco taxes, and the Department continued to collect county tobacco taxes with the use of a monthly report. As a result of the passage of Act 2005-315 during the First Special Session of 2005, which provides funding for the Department to use in supplying and distributing county cigarette tax stamps, the Department will now begin to collect county cigarette taxes through the use of tax stamps affixed to packages of cigarettes.

The projected date for the availability and sale of state-administered county cigarette tax stamps is January 2006 with stamps to be affixed to cigarette packages beginning February 1, 2006. Wholesalers with a qualified stamping permit will be allowed a 7 ½ percent discount on the stamp purchase provided payment is made as required. All county stamps must be purchased on the cash basis, that is, by cash, certified funds (cashier's check, money order, etc), or by Electronic Funds Transfer (subject to the electronic funds transfer provisions).

Wholesalers will also be required to file an additional monthly report to reconcile cigarette sales to stamp usage and remaining stamp inventories. This report will be required in addition to the current county tobacco tax return that is being filed.

Stamps will be made available in rolls of 15,000 and sheets of 100 with the cost of the stamp depending on the cigarette tax rate in the county. Each county stamp will have its own unique 5-digit numeric county code. The first 2 numbers of the code will identify the county, and the last 2 numbers will identify the tax rate. (For example, the code identifying the Mobile County stamp will be 02005. Barbour County code will be 06010.)

The appropriate forms will be made available to you prior to the start-up of the stamping process. Should you have questions we may be reached in the Tobacco Tax Section at P. O. Box 327555, Montgomery, Alabama 36132-7555, or by telephone at (334) 242-9627.