

NOTICE

Quarterly Escrow Deposits and Certifications

DATE: October 1, 2004
TO: All Tobacco Products Manufacturers not Participating in the
Master Settlement Agreement

On September 17, 2004, Alabama's Revenue Rule 810-7-1-.17 became effective to promote compliance with the provisions of Title 6, Chapter 12A, Code of Alabama 1975, known as the Tobacco Master Settlement Complementary Legislation Act. This rule provides for quarterly escrow deposits and certifications by certain tobacco manufacturers not participating in the tobacco Master Settlement Agreement. Non-participating manufacturers (NPMs) that may be required to make quarterly escrow deposits and file a quarterly certification are those NPMs that have:

- (a) not previously established and funded a qualified escrow fund in Alabama.
- (b) not made any escrow deposits for more than one (1) year.
- (c) failed to make a timely and complete escrow deposit for any prior calendar year.
- (d) failed to pay any judgment, including any civil penalty.
- (e) more than 1,600,000 of their cigarettes sold during a quarter.
- (f) In addition to the reasons specified above, the Commissioner may require quarterly escrow deposits from a non-participating manufacturer if the Commissioner has reasonable cause to believe the non-participating manufacturer may not make its full required escrow deposit by April 15 of the year following the year in which the cigarette sales were made.

When quarterly deposits are to be made and when quarterly certifications and bank verifications are due to the Alabama Department of Revenue:

The calendar year shall be divided into the following quarters: January 1 through March 31; April 1 through June 30; July 1 through September 30; and October 1 through December 31. The quarterly deposit date shall be the last day of the month following the end of the quarter. Accordingly, NPMs required to make quarterly deposits must do so by April 30, July 31, October 31, and January 31 respectively.

NPM's quarterly certifications and bank verifications must be provided to the Department no later than ten (10) days after each quarterly deposit date. For example, the deadline for certifying and providing bank verification to the Commissioner of a quarterly escrow deposit for sales of cigarettes that occurred in February is May 10 of the same year.

NPM companies required to make quarterly deposits and certifications will be notified in a separate letter.

Penalties for noncompliance:

If the required quarterly escrow deposit is not timely made in full, or the required quarterly certification is not provided to the Commissioner, or the Commissioner does not receive timely bank verification of the quarterly escrow deposit, the delinquent non-participating manufacturer and its brand families may be removed from our Directory of Cigarettes Approved for Stamping and Sale in Alabama.

You may view this rule and others at: revenue.alabama.gov/tobaccotax/rules/numindex.html.
Otherwise, contact the Tobacco Tax Section at the following address or telephone number:

Alabama Department of Revenue Sales, Use & Business Tax Division Tobacco Tax Section P.
O. Box 327555 Montgomery, AL 36132-7555 (334) 242-9627

[Notices to Taxpayers](#)