



VERNON BARNETT
Commissioner

State of Alabama Department of Revenue

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

JOE W. GARRETT, JR.
Deputy Commissioner

CURTIS E. STEWART
Deputy Commissioner

BRENDA R. COONE
Deputy Commissioner

MICHAEL D. GAMBLE
Deputy Commissioner

NOTICE

June 1, 2018

Tax Guidance for Contractors, Subcontractors and Alabama Governmental Entities Regarding Construction-Related Contracts

The legislature has passed and the Governor has signed Act 2018-234, which broadens the definition of governmental entities that qualify for the Sales and Use Tax Certificate of Exemption for government entity project contracts entered into beginning January 1, 2019, and thereafter.

Qualifying projects and contracts are now defined as those generally entered into with the following governmental entities, unless otherwise noted: the State of Alabama, a county or incorporated municipality of Alabama, an Alabama public school, an Alabama industrial or economic development board or authority, or any Alabama public water or sewer authority, district, system, or board that otherwise is already exempt from sales and use taxes. Please note that contracts entered into with the federal government and contracts pertaining to highway, road, or bridge construction or repair do not qualify for the exemption provided for in Act 2018-234.

In the past, applications for government entity projects with any Alabama public water or sewer authority, district, system or board that was sales and use tax exempt were denied because they were not eligible for the government Contractors Exemption Certificate as a government entity under Act 2013-205. With the passage of Act 2018-234, starting January 1, 2019, and thereafter, construction-related contracts with any Alabama public water or sewer authority, district, system or board that is sales and use tax exempt, will now be eligible for the government Contractors Exemption Certificate.

If you should have any questions concerning this notice, please contact the Sales and Use Tax Division by telephone at (334) 242-1490, by email at STExemptionUnit@revenue.alabama.gov, or by mail at Sales and Use Tax Division, Exemption Unit, P.O. Box 327710, Montgomery, AL 36132-7710.