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State of Alabama Department of Revenue

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NOTICE

TO: All retailers of beer, wine and tobacco products and all retailers who become non-compliant in the collection and remittance of sales tax

On or after January 1, 2020, certain retailers conducting business in the State of Alabama, who are applying for or renewing a sales tax license or who are non-compliant, will be required to purchase and maintain a one-time surety bond in the amount of no less than \$25,000, for a period of two years.

Surety bonds are required for retailers selling beer, wine and tobacco products who:

- Are submitting an initial application for a sales tax license to sell beer, wine, and tobacco products at retail; or,
- Are renewing an expired or cancelled sales tax license which was issued for retail sales of beer, wine, and tobacco products.

The surety bond requirement for those addressed above can be waived if the applicant and a current license holder, who is complying with the license requirements, are related parties or members of a controlled group (see Code of Alabama 1975, Section 40-23-6(b)(2)).

Surety bonds are required for licensed retailers selling any items who:

- Become non-compliant in the collection and remittance of sales tax in any period occurring on or after January 1, 2020.

The non-compliant retailer shall be notified by the Department of their requirement to purchase and maintain a one-time surety bond. The surety bond shall be in the amount of the actual sales tax liability for the three months preceding the occurrence of non-compliance but not less than \$25,000, and for a period of two years. The licensee will have thirty days to file the bond or file a notice of appeal to the Department.

Surety bonds shall be executed by the applicant as principal and by a surety company qualified to do business in the State of Alabama. The instructions for executing a sales tax surety bond as well as the bond form can be accessed on the Department's website at <https://revenue.alabama.gov/sales-use/>.