

ALABAMA DEPARTMENT OF REVENUE - SALES AND USE TAX RULES
Code of Alabama 1975, Sections 40-23-31 and 40-23-83

810-6-5-.26.02. Utility Tax Direct Pay Permit.

(1) Absent evidence to the contrary, where any person is furnished utility services and is billed for such utility services by more than one bill, it shall be presumed that the gross sales or the gross receipts derived from the furnishing of utility services to such person are taxable at the rate applicable to receipts derived from each bill, and the tax so computed shall be added to each bill for utility services furnished. If any person purchasing utility services and receiving more than one bill from any one utility for such services desires that the tax levied by Sections 40-21-80, et seq., Code of Alabama 1975 as amended, be computed upon the aggregate of the purchase price of utility services furnished by such utility, such person may apply for a permit from the Department of Revenue and be permitted to purchase certain utility services without the payment of the tax to the utility subject to the following conditions, namely:

(a) The holder of such permit shall report such utility tax upon forms prepared and furnished by the Department of Revenue and shall pay said tax directly to the Department of Revenue on or before the twentieth day of the month following the month during which such utility services were used for a taxable purpose.

(b) The holder of such permit shall be required to keep such books and records as may be necessary to determine such tax liability, which records shall be subject to examination by the Department of Revenue.

(c) Upon demand of the Department of Revenue the holder of said permit shall execute a bond or indemnity agreement securing the payment of such tax to the Department of Revenue in an amount not exceeding estimated tax liability for six months.

(d) Said permit shall not be transferable and may be cancelled upon notice by registered mail to the holder thereof.

(2) The application for a utility tax direct pay permit shall require the following information:

(a) Applicant's Federal Employer Identification Number,

(b) Applicant's legal name and complete mailing address,

(c) Business address(es) in Alabama including city, county, and street address or, if location is on highway or rural route, including details sufficient to allow Department personnel to find the place of business),

(d) Indication of the nature of business (e.g. steel manufacturing, auto manufacturer, etc.),

(e) Business phone number,

(f) Desired effective date of permit,

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(g) The type of utility service(s) the applicant wishes to purchase without payment of the tax to the vendor and the name of the vendor(s) from whom the service(s) will be purchased, and

(h) Signature and title of sole proprietor, each partner, or an elected corporate officer and the date of each signature.

(3) Utility tax direct pay permits shall contain the following information:

(a) Taxpayer's direct pay permit number, legal name, and complete address,

(b) Permit holder's principal business location,

(c) Nature of the holder's business,

(d) Effective date of the permit,

(e) Type(s) of utility services which can be purchased without payment of utility tax and the name(s) of the vendor(s) from whom the specified utility services can be purchased without payment of utility tax to the vendor,

(f) Statement that the specified utility services purchased from the specified vendor(s) shall be reported monthly to the Department of Revenue and the applicable utility taxes paid thereon by the holder of the permit,

(g) Legal name of the applicant for the direct pay permit, the date the application was filed, and the date the Department of Revenue approved the application, and

(h) Signature on behalf of the Department of Revenue and the date signed.

(4) Utility tax direct pay permit returns shall require the following information:

(a) Taxpayer's utility tax direct pay account number, legal name, and complete address,

(b) Period covered by the return and due date of the return,

(c) Estimated tax due for the current month, if applicable must be at least equal to line 5 (Total Tax Due) of the return for the same calendar month of the preceding year,

(d) The names of each vendor from whom utility services were purchased without payment of tax and a breakdown, by vendor, of the amount of taxable purchases of utility services and the tax due on such purchases,

(e) Estimated tax paid on previous month's return, if applicable,

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- (f) Tax due after deducting credit for previous month's estimate,
- (g) Total tax due (tax due plus current month's estimate, if applicable),
- (h) Penalties and interest due, if applicable,
- (i) Credits claimed,
- (j) Total amount due,
- (k) Total amount remitted,
- (l) An indication if payment of tax is made through electronic funds transfer (EFT), and
- (m) Taxpayer's signature, title, and the date signed.

(Sections 40-2A-7(a)(5) and 40-21-85 Code of Alabama 1975) (Adopted through APA effective April 1, 1996, amended December 8, 2011)