

810-6-4-.14 Sales And Use Tax Direct Pay Permit.

(1) Requirements. Direct pay permits issued by the department authorize a business to make certain purchases from vendors without payment of state sales and use tax as well as county and municipal sales and use taxes administered by the department. In order to maintain the direct pay permit, the following conditions must be met:

(a) All purchases of tangible personal property made with a direct pay permit must be reported directly to the department.

(b) The permit holder must report the sales and use tax on forms approved by the department and must pay the taxes directly to the state. Unless the permit holder qualifies to file and pay sales and use taxes on a quarterly, semi-annually, or annual basis, sales and use taxes must be reported and paid monthly on or before the twentieth day of the month following the month during which the tangible personal property was used for a taxable purpose.

(c) The permit holder is required to keep books and records necessary to determine the correct tax liability. All books and records are subject to examination by the department.

(d) The direct pay permit does not extend to construction contracts. Sales Tax is due on building materials, consumed by a contractor in the performance of construction contracts, at the time of purchase from vendors in Alabama. If tax is not paid to the seller, the contractor is required to pay consumers use tax directly to the department.

(e) The direct pay permit is not transferable and can be revoked by the department upon notice by registered mail to the permit holder.

(2) Application Required. An application for a direct pay permit is required and available from the department.

(3) Permit Issued. Upon approval of an application, a direct pay permit is issued by the department.

(4) Returns Provided. Sales Tax direct pay permit returns are provided through the department's electronic filing system, My Alabama Taxes.

(5) Purchases to Report. Purchases from Alabama vendors must be reported by the permit holder on sales tax direct pay permit returns. Purchases by direct pay permit holders from out of state vendors must be reported separately on consumers use tax returns.

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