



JULIE P. MAGEE
Commissioner

State of Alabama Department of Revenue

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

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Assistant Commissioner
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Deputy Commissioner

NOTICE

All Persons Severing Natural Minerals in Alabama (Uniform Severance Tax)

On May 10, 2012, Governor Robert Bentley signed into law Act Number 2012-318 related to the severance tax on natural minerals. This Act will become effective on October 1, 2012. The following is a summary of some of the changes:

- Producers are allowed to sever material and sell it to first purchasers tax exempt provided that the product is not transported on a public road and the product is processed into a finished aggregate or limestone product for resale. In such instances, the tax shall be levied on the finished aggregate or limestone product made from exempt material.
- **First purchasers receiving tax exempt product (other than governmental agencies and school boards) which is processed into a finished aggregate or limestone product for resale are required to file a tax return each month by the 20th of the month following activity and remit any taxes due. The first return for purchasers will be due by **November 20, 2012** for October 2012 activity. (These purchasers will be assigned an account id by the Department which will be used by the producer to report any exempt sales. The information will be cross-checked for compliance.)**
- Purchasers claiming exemption from the tax must provide the producer with proper documentation including but not limited to:
 - Name
 - Address
 - Date of sale
 - Type of product purchased
 - Product usage
 - Statement that the product will be used by an exempt entity or for an exempt purpose.
- Severed materials which are sold, delivered or transferred between separate legal entities are subject to the tax regardless of any common ownership or other affiliation between the producer and the purchaser.
- The tax does not apply to severed material that is wasted by any manufacturing process provided the material is not transported on a public road in this state or sold to another entity.
- Federal, State, county & municipal governments as well as city and county school boards are not subject to the tax.
- The uniform severance tax shall not be included in the measure of tax for any other tax imposed by the state.
- The Uniform Severance Tax return and schedule have been revised to include information related to purchasers. Please see the enclosed sample copies.

Effective September 17, 2012, the uniform severance tax return and schedule shall be filed electronically at www.MyAlabamaTaxes.alabama.gov. (See the enclosed notice for further instructions.)

Questions may be directed to:

Business & License Tax Division
Severance & License Tax Section
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Montgomery, AL 36132-7550
(334) 353-7827