

**ALABAMA DEPARTMENT OF REVENUE
SALES, USE & BUSINESS TAX DIVISION
ADMINISTRATIVE CODE**

CHAPTER 810-6-5

**USE TAX LAW; CONTRACTORS GROSS RECEIPTS TAX; LODGINGS TAX; RENTAL
TAX; UTILITY TAXES; MISCELLANEOUS RULES**

810-6-5-.36.01 Sales Of Prepaid Wireless Service.

(1) The sale of prepaid wireless service constitutes the sale of tangible personal property subject to sales or use tax.

(2) Definitions.

(a) Prepaid wireless service. Mobile telecommunications service, which must be paid for in advance and that is sold in predetermined units or dollars of which the number declines with use or the expiration of time in a known amount, and which may include rights to use non-telecommunications services or to download digital products or digital content.

(b) Mobile telecommunications service contained in §40-21-120, Code of Ala. 1975, is incorporated by reference herein.

(3) Transactions Subject to Sales or Use Tax.

(a) Sales of prepaid telephone calling cards, prepaid authorization numbers, or both, constitute sales of tangible personal property subject to sales or use tax.

(b) The sale of prepaid wireless service that is evidenced by a physical card constitutes the sale of a prepaid telephone calling card, and

(c) The sale of prepaid wireless service that is not evidenced by a physical card constitutes the sale of a prepaid authorization number, including but not limited to, real time downloads, real time reloads, recharges, or other means that may be manually, electronically, or otherwise entered.

(4) Transactions Exempt from Sales Tax or Use Tax. For transactions that occurred prior to July 1, 2014, for which the consumer did not receive from the retailer either an authorization number or a physical card, neither the Department nor local tax officials may seek payment for sales tax not collected. This provision does not apply to audits that began or

assessments that were entered prior to July 1, 2014. With regard to such transactions in which sales tax was collected and remitted, neither the taxpayer nor the entity remitting sales tax shall have the right to seek a refund of such tax.

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Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5), 40-23-1(13), 40-23-1(14) 40-23-31, 40-23-60(14).

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