

Contractors' Gross Receipts Tax.

(1) Definitions

(a) Contractor's Gross Receipt Tax- The privilege or license tax levied upon every person, firm, or corporation engaged, or continuing within this state in the business of contracting to construct, reconstruct, or build any public highway, road, bridge, or street.

(b) Reconstruct- To construct again or repair an existing public highway, road, bridge, street, or tunnel.

(2) Contractors Gross Receipts Tax

(a) Applies to all payments made to the contractor or contract assignee whether the payments are made pursuant to a contract, purchase order, supplemental agreement, change request, or other agreement to construct, reconstruct, or build any public highway, road, bridge, street, or tunnel.

(b) Applies to any contract between a contractor or contract assignee and the state or between a contractor and any city, town, or county if the state is a joint party with the city, town, or county to construct, reconstruct, or build any public highway, road, bridge, street, or tunnel, including but not limited to contracts for:

(i) Earthwork

(ii) Bases

(iii) Surfacing

(iv) Pavements

(v) Structures

(vi) Incidentals, which become a part of the highway, road, bridge, street, or tunnel

(vii) Traffic control devices

(viii) Highway lighting

(ix) Materials

(x) Bridge scouring and painting,

(xi) Installation or repair of overhead signs

(xii) Installation or repair of structure footings

(xii) Sign rehabilitation

(3) Exemptions

The contractor's gross receipts tax does not apply to the following:

(a) Contracts between a contractor or contract assignee and the federal government when the state is not a party to the contract.

(b) That portion of the gross receipts received by the contractor or contract assignee constituting additional amounts paid to the contractor or contract assignee under contractual escalation provisions allowing for an increase in the contract price for escalations in the cost of fuels, materials, or labor.

(c) Gross receipts received by a contractor or contract assignee from contracts with the state to construct, reconstruct, or build rest areas or welcome stations.

(d) Contracts between a contractor or contract assignee and any city, town, or county when the state is not a party to the contract.

(e) Contracts that do not include or require the construction, reconstruction, or building of a public highway, road, bridge, street, or tunnel. (Misener Marine Construction, Inc. V. Eagerton, 423 So.2d 161 (1982))

(4) Return Due Date and Discount.

(a) The contractor's gross receipts tax shall be due and payable in monthly installments on or before the 20th day of the month next succeeding the month in which a payment subject to this tax is received by the contractor or contract assignee. Every person, firm, or corporation on whom the tax is levied shall file a contractors gross receipts tax return for each calendar month, compute the tax due, and pay the amount of tax due to the department.

(b) A discount is allowed pursuant to Administrative Rule 810-3-5-.03.01 entitled Contractors Gross Receipts Tax Discount.

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Statutory Authority: §§40-2A-7(a)(5), 40-23-31, and 40-23-50, Code of Ala. 1975. Misener Marine Construction, Inc. V. Eagerton, 423 So.2d 161 (1982).

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