
April 1, 2022

NOTICE

The Small Business Relief and Revitalization Act of 2022 was recently passed by the legislature and signed by Governor Kay Ivey on February 28, 2022. The Small Business Relief and Revitalization Act of 2022 was assigned Act No. 2022-53. One of the provisions included in this act, that provides relief to small businesses, is the increase to the average monthly tax liability required for state sales tax estimated payments.

The portion of the act that amends Section 40-23-7, Code of Alabama 1975, relating to estimated payments is effective on May 1, 2022. This increases the average monthly tax liability for a taxpayer to be required to make state sales tax estimated payments from \$2,500 or greater to \$5,000 or greater.

Taxpayers' monthly state sales tax returns for the calendar year 2021 will be reviewed to identify taxpayers that are affected by the change in estimated payments. Taxpayers will be notified by letter dated May 25, 2022, if their state sales tax account is impacted by the state sales tax estimated payment provisions of Act 2022-53.

If it is determined that the taxpayer's average monthly state sales tax liability is greater than or equal to \$5,000, the taxpayer will be required to make estimated payments on their monthly state sales tax return. The first estimate payment will be paid in June 2022 and should be reflected on the May 2022 return that is due on or before June 20, 2022. Estimated payments must be at least 2/3 of the actual amount of tax due for the same calendar month last year, or 2/3 of the tax due for the current month.

If it is determined that the taxpayer's average monthly state sales tax liability is less than \$5,000, the taxpayer will no longer be required to make estimated payments on their monthly state sales tax return. The taxpayer should take credit for the estimated payment remitted with the April 2022 return and not make an estimated payment for May 2022.

You may direct questions concerning this notice to:

Sales and Use Tax Division
P.O. Box 327710
Montgomery, AL 36132-7710
334-242-1490