

**Unabated State Construction Related
Transaction Tax.**

(1) Definitions.

(a) Department - The Alabama Department of Revenue

(b) Unabated State Tax - State construction related transaction taxes imposed by Title 40, Chapter 23, on tangible personal property and taxable services incorporated into a private use industrial property, including but not limited to, state sales tax, state sales tax direct pay, state sellers use tax, and state consumers use tax.

(c) Person - Any individual, association, estate, trust, partnership, corporation, or other entity of any kind.

(2) Tax Imposed.

(a) The Unabated State Tax applies to each person who is granted an abatement pursuant to Section 40-9B-4 or 40-9G-2, Code of Ala. 1975.

(b) The Department will collect the Unabated State Tax on transactions that were previously subject to abatement.

(3) Tax Rate.

(a) The Unabated State Tax rate is equal to 0.75%.

(b) The rate will be applied to the total purchase price of construction related materials incorporated into the abatement project.

(4) Effective Date.

(a) The Unabated State Tax will apply to new abatements granted on or after June 1, 2026, pursuant to Section 40-9B-4 or 40-9G-2, Code of Ala. 1975.

(b) The tax will apply throughout the applicable abatement period.

(5) Reporting Requirements.

(a) Each person subject to the Unabated State Tax is required to file a monthly return with the Department. The return must be filed electronically using the My Alabama Taxes website.

The return and corresponding payment is due on or by the 20th day of each month following the month in which the tax is accrued.
Example: Tax accrued June 2026 is due July 20, 2026.

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Statutory Authority: § 40-2A-7(a)(5), Code of Ala. 1975 and Act 2025-84

History: New Rule: Published _____; effective _____.