

Transmittal Sheet For Notice Of Intended Action

Control: 810 Department or Agency: Revenue
Rule Nos: 810-6-4-.03
Rule Title: Discounts Allowed on Payments of Sales Tax Made Before Delinquency

New; Amended; Repealed; Adopt by Reference

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety? No

Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare? Yes

Is there another, less restrictive method of regulation available that could adequately protect the public? No

Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved and, if so, to what degree? No

Is the increase in cost, if any, more harmful to the public than the harm that result from the absence of the proposed rule? N/A

Are all the facets of the rulemaking process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public? Yes

Does the proposed rule relate to or effect any matter of litigation which the agency is a party to concerning the subject matter of the proposed rule? No

Does the proposed rule have any economic impact? No

If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of Section 41-22-23, Code of Alabama 1975.

Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Chapter 22, Title 41, Code of Alabama 1975 and that it conforms to all applicable filing requirements of the Administrative Procedure Division of the Legislative Services Agency .

Signature of certifying officer
Date 09/20/2021

REC'D & FILED
SEP 20 2021
LEGISLATIVE SVC AGENCY

**ALABAMA DEPARTMENT OF REVENUE
Sales and Use Tax**

NOTICE OF INTENDED ACTION

RULE NO. & TITLE

810-6-4-.03

Discounts Allowed on Payments of Sales Tax Made Before Delinquency

INTENDED ACTION

New, Repealed

**SUBSTANCE OF
PROPOSED ACTION:**

In accordance with the Red Tape Reduction Act 2013-88, this rule is being repealed and readopted to remove antiquated language references and to provide clarification to taxpayers on the calculation of the allowed discount.

TIME, PLACE, MANNER OF PRESENTING VIEWS: A public hearing will be conducted at **01:30 PM on Tuesday, November 09, 2021** via web-conference. To participate in the upcoming web-conference public hearing please contact the Tax Policy and Governmental Affairs Division at Taxpolicy@revenue.alabama.gov or 334-242-1380 to obtain the appropriate sign-in information for a specific public hearing date. Copies of the rule(s) can be obtained at <http://www.revenue.alabama.gov/tax-policy/>.

All interested parties may present their views in writing to the **Secretary of the Alabama Department of Revenue, Room 4131, Gordon Persons Building, 50 N Ripley Street, Montgomery, Alabama 36132** at any time following publication of the notice up until the conclusion of the hearing. Interested parties may also may present their views during the web-conference.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:

Tuesday, November 09, 2021

CONTACT PERSON AT AGENCY:

Meagan Barrett

Alabama Department of Revenue
4131 Gordon Persons Building
Montgomery, Alabama 36132
(334) 242-1380



Mary Martin Mitchell, Secretary
Alabama Department of Revenue

**810-6-4-.03: Discounts Allowed on Payments of Sales Tax Made Before Delinquency.
(REPEAL)**

(1) Executive Order Number 2 issued by Governor John Patterson on January 8, 1960, authorized, empowered, and directed the Department of Revenue to allow a sales tax discount not to exceed five percent of the first one hundred dollars (\$100) of sales taxes levied and two percent of the sales taxes levied over one hundred dollars (\$100) per month. This discount was applicable for sales taxes collected on or after October 1, 1959 through May 31, 1996 for taxes paid before delinquency.

(2) In accordance with Section 40-23-36, Code of Alabama 1975, Executive Order Number 20 issued by Governor Fob James, Jr. on May 31, 1996, authorized, empowered, and directed the Department of Revenue to allow a sales tax discount for sales taxes due and payable to the State of Alabama by persons licensed under Section 40-23-6, Code of Alabama 1975, for sales taxes collected on or after June 1, 1996. This discount could not exceed five percent of the first one hundred dollars (\$100) of sales taxes levied and two percent of the sales taxes levied over one hundred dollars (\$100) per month and, further, was limited to a total maximum discount of nine hundred dollars (\$900) per month to any license holder and was limited to that amount for each retail license holder regardless of the number of retail locations of that license holder within the state. No discount was authorized or allowed upon any taxes which were not paid before delinquency. This discount was applicable for sales taxes collected on or after June 1, 1996 through April 30, 2001.

(3) Beginning with calendar year 1999, effective January 1, 1999, Section 40-23-7(d), Code of Alabama 1975, allows certain taxpayers to file sales tax returns with the Alabama Department of Revenue on a calendar quarter or calendar year basis rather than on a monthly basis. The sales tax discount for license holders who file monthly, quarterly, or annually shall not exceed five percent of the first one hundred dollars (\$100) of sales taxes levied and two percent of the sales taxes levied over one hundred dollars (\$100) per month, per calendar quarter or per calendar year, respectively, and further, for sales taxes collected through April 30, 2001, was limited to a total maximum discount of nine hundred dollars (\$900) per month to any license holder, and for sales taxes collected on or after May 1, 2001, is limited to a total maximum discount of four hundred dollars (\$400) per month to any license holder, and limited to that amount for each retail license holder regardless of the number of retail locations of that license holder within the state. No discount is authorized or allowed upon any taxes which are not paid before delinquency.

(4) In accordance with Section 40-23-36, Code of Alabama 1975, Executive Order Number 53 issued by Governor Don Siegelman on May 22, 2001, authorizes, empowers, and directs the Department of Revenue to allow a sales tax discount for sales taxes due and payable to the State of Alabama by persons licensed under Section 40-23-6, Code of Alabama 1975, for sales taxes collected on or after May 1, 2001. This discount shall not exceed five percent of the first one hundred dollars (\$100) of sales taxes levied and two percent of the sales taxes levied over one hundred dollars (\$100) per month and, further, is limited to a total maximum discount of four hundred dollars (\$400) per month to any license holder and is limited to that amount for each retail license holder regardless of

the number of retail locations of that license holder within the state. No discount is authorized or allowed upon any taxes which are not paid before delinquency.

(5) The discount outlined in paragraphs (1), (2), (3) and (4) above applies to state sales tax and also to all county and municipal sales taxes administered by the Alabama Department of Revenue. The rate, maximum, and effective date of the discount for each county and municipal sales tax due and payable to the Alabama Department of Revenue shall be the same as those provided with respect to the discount for state sales tax. (Sections 11-3-11.3, 11-51-180, et seq.; 11-51-200, et seq.; and 40-12-4, et seq., Code of Alabama 1975)

Author: Donna Joyner

Authority: Code of Ala. 1975, §§40-2A-7(a)(5), 40-23-31, 40-23-36.

History: **Readopted** through APA effective October 1, 1982.

Repealed and Replaced: Filed September 3, 1996; effective October 8, 1996.

Amended: Filed September 15, 1998; effective October 20, 1998.

Amended: Filed August 30, 2001; effective October 4, 2001.

Repealed and Replaced: Filed September 20, 2021; effective

810-6-4-.03 Discounts Allowed on Payments Of Sales Tax Made Before Delinquency (NEW)

(1) Allowed Discount.

(a) The department is authorized to allow a sales tax discount for sales taxes due and payable to the state by persons licensed under §40-23-6, Code of Ala. 1975.

(b) The allowed discount cannot exceed a maximum amount of four hundred dollars (\$400), and is calculated as follows:

1. Five percent of the first one hundred dollars (\$100) of sales taxes levied.
2. Two percent of the sales taxes levied over one hundred dollars (\$100) per period.

(c) Each licensee is allowed a maximum discount of four hundred dollars (\$400), regardless of the number of retail locations within the state.

(d) No discount is authorized or allowed upon any taxes which are not paid before delinquency.

(2) Discount Based on Filing Frequency. Section 40-23-7(d), Code of Ala.

1975, allows certain taxpayers to file Sales Tax returns with the department on a calendar quarter, calendar semi-annual, or calendar year basis rather than on a monthly basis. The sales tax discount for licensees who file monthly, quarterly, semi-annually, or annually must not exceed the allowed discount as provided in paragraph (1) per calendar quarter, per calendar semi-annual, or per calendar year, respectively.

(3) Application of Discount. The allowed discount outlined in paragraphs (1) and (2) applies to all state, county, and municipal sales taxes administered by the department. The rate, maximum, and effective date of the discount for each state-administered county and municipal sales tax due and payable to the department must be calculated in the same manner as the discount for the state sales tax.

Author: Lee Ann Rouse

Authority: §§11-3-11.3, 11-51-180, et. seq. 11-51-200, et. seq., 40-2A-7(a)(5), 40-12-4, et. seq., 40-23-6, 40-23-7(d), 40-23-31, 40-23-36, 40-23-83, Code of Ala. 1975.

History: **Repealed and Replaced:** Filed September 20, 2021; effective