Simplified Sellers Use Tax Remittance
Act 2015-448

**Participation in the Program**

Act 2015-448 establishes an easily accessible method for certain out-of-state sellers to voluntarily remit a “sellers’ use tax” on purchases delivered into the state of Alabama. Participation in this program is only available to sellers who do not have a physical presence in Alabama nor any other existing requirement to file or pay taxes in Alabama.

This is a voluntary tax remittance program aimed at collecting use tax revenue that the state and county cannot currently collect because the seller has no legal requirement to pay and the state/county typically cannot identify sellers from whom to collect the tax.

* Eligible sellers must apply with and be approved by the Alabama Department of Revenue
* Applicants are required to certify that they do not have a physical presence in the state and are not subject to requirements for collecting and remitting state and local state and use tax

**Collection and Distribution of the Tax**

Once an application is approved, the eligible out-of-state sellers shall collect and remit to the Department a flat 8% use tax payment to the Department. These monies will be distributed by the Alabama Department of Revenue on a quarterly basis as follows:

* 4% to the State of Alabama, to be distributed by state law;
* 2% to counties, to be divided among the counties based on population;
* 2% to municipalities, to be divided among the cities based on populations.

The Department will retain administrative costs for administering the program.

**Limitations on Participation**

The out-of-state seller is only permitted to participate in this program as long as he/she does not have a physical presence in the state that would subject the seller to taxation in Alabama.

* And there are penalties for a seller falsifying an application for participation and/or for failure to report that he or she is no longer eligible to participate

**Benefits to the Seller**

Out-of-state sellers benefit from this program because it is a simplified statewide system for collection and remittance of the tax that does not require calculation of each jurisdiction's specific tax rates. Additionally, the out-of-state seller receives the following benefits:

* A 2% discount of monies collected and remitted
* Protection from audits by local governments based on remittance of this tax
* Assurance that use of this system alone will not trigger any additional taxes and fees
* Amnesty for any uncollected remote use tax that may have been due for the 12 month period prior to participation in the program

Perhaps the most significant benefit for the out-of-state seller is that if the seller is enrolled in the program at least six months prior to a change in federal statutory or case law, he/she may continue in this program following the change.

**Protections for the Alabama Consumer**

Act 2015-488 includes protection for the Alabama consumer making purchases from an out-of-state seller participating in this program.

If a purchase is delivered into a jurisdiction that has a sales and use tax lower than 8%, the purchaser can apply annually for a refund in the amount of the difference.

* The petition for refund is filed with the Department of Revenue
* The refund may be deferred for up to three years if less than $25

Moreover, the collection and remittance of this use tax relieves the purchaser from the application of all state and local sales and use taxes on the transaction meaning that if a purchase is delivered into a jurisdiction with a higher tax rate, the additional tax will not be due.

**Effective Date of the Act**

Act 2015-488 takes effect on October 1, 2015.

The Alabama Department of Revenue is currently working on implementation of the program and hopes to have administrative rules in place by January 1, 2016.