

# Alabama Department of Revenue

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# FIET Reform Act

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## Act 2019-284: Financial Institution Reform Act of 2019

Effective January 1, 2020; operative beginning with 2020 tax year

A collaboration between DOR, financial institutions, and tax practitioners that was facilitated by the Alabama Bankers Association.

- **Key Provisions:**

- Simplify calculation of Net Income for Financial Institutions and Credit Unions (Section 2 & 3)
- Estimated Payments Simplified for Taxpayers (Section 3)
- Updates Local Distribution (Section 2)



# Rental Tax Clarification

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## Act 2019-89: Rental Tax Determination of Applicable Taxes

Effective July 1, 2019

Except for motor vehicles required to be registered, Rental Tax is due where the tangible personal property is delivered to the lessee or picked up by the lessee.

For motor vehicles required to be registered:

- **Rental tax will be due based on the dealership location** for the nonrecurring payments due to the dealer at the inception of the lease. Nonrecurring payments include capitalized cost reductions, down payments by the lessee whether by cash, manufacturer rebates, or other means, and dealer fees when separately stated to the customer.
- **Rental tax will be based on the lessee's vehicle garage location** for the initial lease payment made at the dealership (including any nonrecurring charges not separately stated to the lessee) and all subsequent rental or lease payments.



# Lodgings Tax

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## Act 2019-387: Lodgings Tax Clarification on Accommodations

Effective October 1, 2019

- Clarifies the tax is levied on the furnishing any lodgings or accommodations in any **marine slip, place or space for tent camping, place or space provided for a motor home, travel trailer, self-propelled camper or house car, truck camper, or similar recreational vehicle commonly known as a R.V.**
- Provides an exemption for those specific accommodations (listed above) that are supplied for a **period of 90 continuous days or more.**



# Taxpayer Filing Frequencies

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## Act 2019-253: Filing Frequency & License Issuance Updates

Effective October 1, 2019

This legislation allows the following filing frequencies for sales, use, and lodgings taxes:

- **Quarterly filing** – preceding year annual liability < \$2400
- **Semi-annual filing** - preceding year annual liability < \$1200 or operated no more than two 30 day periods
- **Annual filing** - preceding year annual liability < \$600 or operated no more than one 30 day period

This legislation also clarifies the circumstances in which the Department of Revenue may suspend or revoke a license or deny a license application or renewal.

- Guilty of fraud in taxes due, material misstatements on application, fails to begin or ceases to open, lack of notification in change of ownership, etc.



# Rebuild Alabama Act

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## Act 2019-2: Rebuild Alabama Act

Effective March 12, 2019

Effective January 1, 2020, an **annual license tax and registration fee** is imposed:

- \$200 on each battery electric vehicle
- \$100 on each plug-in hybrid electric vehicle

Beginning July 1, 2023, and every fourth year thereafter, the additional license tax and registration fee shall increase by three dollars (\$3).

Levies an **incremental excise tax increase on gasoline & diesel fuel** beginning September 1, 2019.

- \$0.06 on September 1, 2019
- \$0.02 on October 1, 2020
- \$0.02 on October 1, 2021



# Simplified Sellers Use Tax

## Act 2019-382: SSUT Amnesty, Class Action Protection, & Clarification

Effective October 1, 2019

- **Amnesty**

- Prospective only enforcement of remote sales for eligible sellers participating in the SSUT Program. amnesty for all periods prior to October 1, 2019, for all SSUT participants who enter the program prior to this date and remain in the program for at least 3 years.

- **Prohibit class actions against eligible sellers**

- This protection currently extends to marketplace facilitators who are participants in the SSUT Program. This legislation will ensure that the protections are available for these eligible sellers both in their role as direct sellers and facilitators of sales for third parties.

- **Exclusion of remote sales of automotive vehicles**

- County licensing officials are currently required to collect these taxes at the time of registration and remit them to the applicable jurisdictions. The taxes collected by the county licensing officials are at a much lower rate than the SSUT rate of 8%.





# Other Legislation

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- Act 2019-244 - Curbstoning Task Force: Motor Vehicle Dealer License Reform
  - effective October 1, 2020
- Act 2019-245 - Curbstoning Task Force: Abandoned Motor Vehicle
  - effective January 1, 2020
- Act 2019-164 – Disaster Assistance, Motor Fuel Waiver of Licensing
  - effective May 14, 2019

# Questions?

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