The Alabama Taxpayers' Newsletter ™

The law firm of JEFF PATTERSON LLC was founded to represent taxpayers. Its clients include in-state and out-of-state business entities — both large and small — and individuals. Because JEFF PATTERSON LLC highly values confidentiality, the firm does not disclose the identity of its clients. Prior to founding the firm, Jeff Patterson practiced law inside the Alabama Department of Revenue for more than 13 years.

The firm represents clients before state and local tax agencies in Alabama, and before the IRS, and has represented clients before tax agencies in other states and before the United States Supreme Court. The following is a partial list of the firm's areas of representation:

- sales and use taxes
- income tax
- business privilege tax
- trust fund recovery penalty
- local taxes
- federal income/excise taxes
- tax incentives
- regulatory matters
- audits (incl. third party)
- tax litigation
- property tax
- tax-exempt recognition
- collection matters
- unclaimed property.

AMAZON.COM WILL BEGIN
COLLECTING USE TAX ON SALES INTO ALABAMA

The Alabama Department of Revenue has confirmed that Amazon.com will begin collecting use tax on its sales into Alabama, commencing November 1, 2016. According to the ADOR, it is likely, but not yet certain, that the company will collect the tax from Alabama customers at a flat rate of 8%, and then remit the tax to the ADOR, under the state's relatively-new Simplified Seller's Use Tax Remittance Program, which was created by the legislature in Act 2015-448. The law allows retailers that have no physical presence in Alabama to collect and remit a "simplified seller's use tax" of 8% on sales into this state, in lieu of the standard sales or use tax that otherwise may be due on such sales. Participation in the program by out-of-state retailers is voluntary, but approval by the ADOR is required. The collection and remittance of the 8% tax relieves sellers and purchasers from paying any other state or local sales or use tax on the sale. In Act 2016-110, the legislature amended Act 2015-448 to allow participants who have been in the program for at least 6 months to remain in the program even if they then establish a physical presence in Alabama, unless that presence is established for the purpose of making retail sales in this state.

The Simplified Seller's Use Tax Remittance Program is the carrot in the proverbial "carrot and stick approach" that the state is using to get retailers that have no physical presence in Alabama to collect and remit sales or use tax on their sales into the state. The stick is ADOR Rule 810-6-2-.90.03, which requires certain out-of-state retailers that have no physical presence here to collect and remit use tax on their sales to Alabama customers, despite the U.S. Supreme Court's decision in *Quill Corp. v. North Dakota* to the contrary. The Kill-*Quill* rule, which allows retailers to meet its requirements by participating in the Simplified Seller's Use Tax Remittance Program, was discussed in Issue 5-2016 of this newsletter.

For more information, contact the firm. ▪

JEFF PATTERSON LLC
Park Place Center
Suite 204
8650 Minnie Brown Road
Montgomery, AL 36117
334.215.4446 (office)
334.462.8438 (cell)
www.jeffpattersonlaw.com
email: jeffpatterson@jeffpattersonlaw.com

Parting Shot:

"Avoid the rush, shop early." Many Alabamians who just read this newsletter