



G. THOMAS SURTEES
Commissioner

State of Alabama Department of Revenue

(www.revenue.alabama.gov)
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Montgomery, Alabama 36132

CYNTHIA UNDERWOOD
Assistant Commissioner
LEWIS A. EASTERLY
Secretary

August 16, 2006

Dear Taxpayer:

A notification letter was recently mailed to you by the Alabama Department of Revenue informing you that Section 41-1-20, Code of Alabama 1975, was amended pursuant to Act No. 2006-552, specifying that for each occasion that a business taxpayer is obligated to make a tax payment of \$750 or more to the Alabama Department of Revenue, after October 1, 2006, such payment must be remitted electronically through an electronic funds transfer (EFT) method. Of course, voluntary participation of transactions less than \$750 are encouraged.

This letter is intended to provide guidance and instructions on making electronic payments for those taxpayers that meet the new EFT threshold requirement and that are required to file the following business taxes through the Alabama Paperless Filing and Payment System: Sales Tax, Sales Tax Direct Pay Permits, Motor Fuel Direct Pay Permits, Consumers Uses Tax, Sellers Use Tax, Rental Tax, Lodgings Tax, Utility Privilege License Tax, Utility Privilege License Direct Pay Permit, Pharmaceutical Provider Tax, Mobile Communication Services Tax, Contractor's Gross Receipts Tax, and City and County Sales, Use, Lodgings and Rental Taxes. These taxes must be paid electronically utilizing either the EFT ACH Debit or ACH Credit Payment Method specified below.

ACH Debit Payment is the preferred method and does not require pre-registration. Tax return payments made through this EFT method must be initiated through the Alabama Paperless Filing and Payment System upon the filing of the return, through the Internet (<http://www.revenue.alabama.gov/salestax/efiling.html>) or toll-free through the telephone (1-800-828-1727). If paying electronically for the first time, simply enter your banking information at the payment prompt upon submitting the return. For returns filed early, you can choose to delay or "warehouse" your payment until the due date. For more information about the EFT Debit Payment Method, please visit our Web site at <http://www.revenue.alabama.gov/salestax/online/pmtinst.htm>. To be considered timely paid, ACH Debit method tax payments must be initiated no later than 4:00 p.m. CST on the due date of the return.

ACH Credit Payment Method requires pre-registration and Department approval. Although the returns must be filed electronically through the Alabama Paperless Filing and Payment System, tax payments made through this EFT method must be initiated through the taxpayer's financial institution separate from the filing of the return. The TXP Banking Convention Addenda Record must contain the required information provided on our Web site at <http://www.revenue.alabama.gov/efit/TXPbanking.pdf>. To be considered timely paid, ACH Credit method tax payments must be initiated on the due date of the return prior to the cut-off time specified by your banking institution.

Please note that the new law specifically provides that any city or county taxes administered by the Alabama Department of Revenue must be paid electronically if the corresponding state tax is paid electronically.

Paying electronically through EFT is safe, secure and convenient. If you have any questions regarding these electronic payment methods, please contact us either via the telephone at 334-242-1490 or 1-866-576-6531, or via e-mail at <http://www.revenue.alabama.gov/salestax/stmailform.cfm>, and representatives will be happy to assist you.

Sincerely,

G. Thomas Surtees
Commissioner