

✘ Alabama sales tax guide

Standard rate:

4% – 11%

Reduced rate:

1.5% – 2%

Sales tax-free products and services:

- Pollution Control Equipment: Equipment or materials purchased primarily for the control, reduction, or elimination of air or water pollution
- Raw Materials: Tangible personal property used by manufacturers or compounders as an ingredient or component part of their manufacturing or compounded product
- Quality Control Testing and Donations to Charitable Entities: The withdrawal, use, or consumption of a manufactured product by the manufacturer, for use in quality control testing or to be donated to certain charitable entities

Who is obliged to register sales tax:

When you sell in Alabama and have “sufficient activity” in Alabama, you need to be registered to collect and pay sales tax in Alabama. Alabama requires that any merchant with a sales tax permit file a sales tax return on their due date, even if they don't have any sales tax to report or pay.

Threshold:

Starting October 1, 2019, out-of-state dealers with sufficient physical or economic presence for establishing nexus in Alabama must register to collect sales tax. This includes online sellers or remote sellers that have the \$250,000 in annual Alabama gross sales.

[Merchant thresholds by state](#)

[Marketplace thresholds by state](#)

The special rules are applicable for the SAAS business.

[Software as Service Tax Thresholds by state](#)



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Online Marketplaces:

If all of your sales in Alabama are through a SSUT participating marketplace platform, you can not register for paying Alabama sales tax. Your marketplace facilitator pays the sales tax itself. But you should apply for an exemption certificate.

If you are selling through a non-SSUT participating marketplace, then you will need to register for paying sales tax if you meet the \$250,000 threshold.

Registration procedure:

You can be registered online on the Alabama Taxes website.

Sales tax payment and filing date:

Depending on your tax liability, determine your filing frequency – either annual, monthly or quarterly: :

Annual – \$0 to \$0.83

Quarterly – \$0.84 to \$200.00

Monthly – \$200.01 and up

Sales tax returns are always due to the 20th day of the month following the reporting period. If the filing due date falls on a weekend or holiday, sales tax is due the next day. Quarterly filing periods ended on the last days of March, June, September and December.

Penalty and interest:

- Late Filing Penalty Greater of 10% of tax due or \$50.
- Late Payment Penalty 10% of tax due



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