

PUBLICATION

Spotlight on Alabama: "One Spot" Filing Adopted for Sales and Use Taxes

May 17, 2012

Alabama Senate Bill 459 (Act) was signed into law on May 3, 2012. The Act provides much needed relief to Alabama taxpayers responsible for paying sales, use, leasing or rental tax to multiple taxing authorities in the state. Prior to the Act's passage, Alabama taxpayers have filed such returns with the Alabama Department of Revenue (ADOR), which administers the state-level tax and some local taxes, and each of the many local taxing jurisdictions which self-administer their taxes. This practice has been long-criticized by taxpayers and elected officials as outdated, overly burdensome and inefficient.

The Act allows any taxpayer required to file a return and remit payment for state, county or municipal sales, use, leasing or rental tax to do so through an electronic, single-point system. The system is referred to as the Optional Network Election for Single Point Online Transactions, or "One Spot." One Spot is to be made available to taxpayers and taxing jurisdictions for tax periods ending after September 30, 2013.

Although the Act requires all taxing jurisdictions to make One Spot available, use of One Spot by taxpayers will remain optional. Any taxpayer choosing to make use of One Spot must remit payment at the time the electronic return is filed unless other arrangements are made with the applicable taxing jurisdiction. The information contained in the electronic return will be consistent with that included in the standard, multiple-jurisdictional returns already developed by ADOR, and all information provided in the return will be made available to each of the applicable Alabama taxing authorities.

The Act clarifies that One Spot is intended only to serve as a centralized filing and collection mechanism, and will not have any involvement in the administration or enforcement of state or local tax law. Unfortunately, taxpayers will continue to be subject to audits from multiple jurisdictions.

To ensure local taxing jurisdictions are capable of effectively interfacing with One Spot, and to finance the roll-out and implementation of One Spot, ADOR is required to provide up to \$1 million of financial assistance to localities for the three-year period beginning January 2013. There will be no charges or fees imposed either on the taxing jurisdictions or the taxpayers for the use of One Spot.

To assist with the review, design and operation of the system, the Act creates a State and Local Advisory Committee. The Advisory Committee will consist of representatives from state and local governments and the Alabama business community. The Committee will also provide ongoing recommendations regarding One Spot's requirements and functionality.

Should you have any questions or wish to discuss the Act or the implementation of One Spot, please contact any attorney in the Firm's Tax Department.