



**JULIE P. MAGEE**  
Commissioner

# State of Alabama Department of Revenue

(www.revenue.alabama.gov)  
50 North Ripley Street  
Montgomery, Alabama 36132

**MICHAEL E. MASON**  
Assistant Commissioner

**JOE W. GARRETT, JR.**  
Deputy Commissioner

**CURTIS E. STEWART**  
Deputy Commissioner

## Alabama Department of Revenue NOTICE

### **To all persons, firms and corporations making retail sales of tangible personal property or furnishing lodgings accommodations to tax-exempt entities in Alabama:**

The Legislature has passed and the Governor has signed Legislative Act 2015-534 requiring all persons or companies, other than governmental entities, having a statutory exemption from the payment of Alabama sales, use or lodgings tax to annually obtain a certificate of exemption, Form STE-1, from the Department of Revenue. A certificate of exemption **must** be presented to the seller for the sale to be exempt from tax.

For purposes of this Act, the term “governmental entity” means the Federal Government, the State of Alabama, Alabama public schools, Alabama public universities, healthcare authorities, Alabama counties and municipalities, and public corporations incorporated under any of the provisions of Chapter 50 of Title 11, Chapter 50A of Title 11, Chapter 5 of Title 37, or Chapter 7 of Title 39. These entities are not required to obtain a certificate of exemption but may do so for ease of tax-free purchasing.

Act 2015-534 was effective as of August 19, 2015, and becomes operative for all applicable exempt persons or companies on January 1, 2016. On this date, vendors will be required to have the certificate on file in order to make tax-exempt sales or lodgings to companies or entities subject to the provisions of the Act.

Certificates of exemption shall be valid for one year from the date of issuance and shall be renewed annually each subsequent year before the end of the month in which the certificate expires. Any person or company who fails to obtain a certificate prior to January 1, 2016, or who fails to renew a certificate of exemption prior to its expiration will no longer be allowed to make tax exempt purchases or rent tax exempt accommodations until such time as a certificate of exemption is obtained or renewed.

Sales of tangible personal property to any person, firm, or corporation not required to have a sales tax license are subject to sales or use tax until the contrary is established. **The burden of proof that a sale is exempt is upon the person making the sale unless the seller takes from the purchaser a properly executed Form STE-1. Any such sale for which an exemption has been claimed but which is not supported by a Form STE-1 may be deemed a sale at retail by the Department and the seller held liable for the tax thereon.** Further, In accordance with Code of Alabama 1975, Section 40-23-120, and Sales and Use Tax Rule 810-6-1-.184, Seller Sells Tax Free at the Seller’s Risk, sellers are liable for sales or use tax on any sales for which the seller fails to collect the appropriate sales or use tax due. However, a seller, who acts in good faith and reasonably believes a tax exempt purchase is legal, is not liable for sales or use tax later determined to be due on a sale for which the purchaser provides the seller with a State Sales and Use Tax Certificate of Exemption (Form STE-1).