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To: Julie Chu
Subject: Notice: Clarification on Sales to Exempt Entities

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:

Hello! Unfortunately we created some confusion with our Notice sent to you on November 4, 2015, relating to the requirement for Statutorily Exempt Organizations to obtain a Certificate of Exemption (Form STE-1). We have received many calls from retailers asking us to issue them a Certificate of Exemption. Please note that retailers are required by law to obtain a license to collect and remit sales tax. Because of this, we do not issue exemption certificates to retailers. **The Sales Tax License issued by the Department is your authority to purchase items for resale without the payment of tax to your vendors.** You do not need an exemption certificate.

All sellers are required to have proper documentation for selling tax-free. If the purchaser is statutorily exempt, such as YMCA, Boy Scouts of America, United Way, community chests, united appeals, volunteer fire departments, etc., the law now requires a certificate of exemption for those organizations to purchase items without paying tax. You may continue to accept copies of sales tax licenses, direct pay permits, exemption certificates for wholesalers and manufacturers, etc. as documentation of a tax-exempt sale. You may also continue to accept letters and/or copies of the state law from state and federal governmental agencies and state, county, and city schools.