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Alabama's New Sales Tax Exemption Procedure for Contractors and Subcontractors Beginning On January 1, 2014

The Alabama legislature recently passed Act 2013-205 granting the Alabama Department of Revenue (ADOR) the authority to issue certifications of exemption to contractors for work on certain governmental construction projects. Beginning on January 1, 2014, general contractors and subcontractors may seek a certificate of exemption from ADOR for each work contract awarded on a tax exempt public works project. The certificate will exempt the contractor from sales and use taxes, which are normally levied for building materials, construction materials and other property that become part of the final project structure. To be eligible, the contractor must be licensed by the Alabama State Licensing Board and must account for the tax savings on all bids submissions. **Accounting of Sales Tax Attachment to ABC Form C-3** is the proper form for documenting these taxes saving. If a bidding contractor fails to include this attachment in its bid, the bid will be deemed incomplete and non-responsive.

For those bidding on projects before January 1, 2014 – a contractor is not required to account for tax savings on the bidding form. Instead, a contractor must specify whether its bid does or does not account for tax savings on the bid form.

For more information on Act 2013-205 please click the following links:

[Memo on Sales Tax Certificate](#)

[Act 2013-205-Sales Tax Certificate](#)

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