

ALABAMA TAX TRIBUNAL

SIMPLEHOME, LLC,	§	
Taxpayer,	§	DOCKET NO. S. 21-1061-JP
v.	§	
STATE OF ALABAMA	§	
DEPARTMENT OF REVENUE.		

FINAL ORDER

This appeal involves final assessments of sales tax for the periods March 2019 through February 2021. The Alabama Department of Revenue issued the final assessments against the Taxpayer totaling \$2,751.32 for the periods March 2019 through February 2021. The tax portion of the assessments was exactly \$1,200.00.

In its Answer, the Revenue Department stated that it prepared estimated returns for the Taxpayer due to Taxpayer’s failure to file returns, and that the “[e]stimated returns were based on the Department’s established minimum required amount per tax period (\$50.00 per period).” The Revenue Department filed an Amended Answer, in which it maintained the appropriateness of estimating returns at the minimum required amount of \$50.00 per tax period, which it described as “the reasonably established policy of the Department’s Collection Services Division to cover identifiable administrative costs involved with making contact attempts and estimating.”

A Third Preliminary Order was entered on February 16, 2022, directing the Revenue Department to provide an explanation to the Tax Tribunal as to each of the

following: (1) the process by which its Collection Services Division arrived at the \$50.00 per month minimum required amount and the legal authority for the Revenue Department to use that as a basis for the entry of a final assessment; (2) how the Collection Services Division's method comports with the requirement of the Taxpayers' Bill of Rights that assessments be "based on the most accurate and complete information reasonably obtainable by the department." Ala. Code § 40-2A-7(b)(1)a.; and (3) whether it has an evidentiary basis for its assessment against the Taxpayer and, if so, exactly what that basis is. *See, e.g., Frontier Amusements, Inc. v. Alabama Department of Revenue*, Admin. Law Div., No. S. 10-947 (Fourth Preliminary Order Setting Hearing, November 30, 2011), citing *U.S. v. Janis*, 428 U.S. 433 (1976) (stating that an assessment of tax must be based on a minimum evidentiary foundation). A copy of the Revenue Department's response is attached to the Taxpayer's copy of this Final Order.

In response, the Revenue Department stated only that, "[a]fter conducting further review of the facts and law at issue in this appeal, the Department will abandon the final assessments ..." The Revenue Department then requested that the Tax Tribunal enter an order voiding the final assessments at issue.

Therefore, the final assessments of sales tax entered by the Revenue Department against the Taxpayer for the periods March 2019 through February 2021 are voided. Judgment is entered accordingly.

This Final Order may be appealed to circuit court within 30 days, pursuant to Ala. Code § 40-2B-2(m).

Entered July 25, 2022.

/s/ Jeff Patterson
JEFF PATTERSON
Chief Judge
Alabama Tax Tribunal

cc: Michael Moore (w/enc.)
Meridith H. Blackburn, Esq.