

ALABAMA TAX TRIBUNAL

FOUNDATION FOR NOTASULGA
SCHOOLS, INC.,

§

Taxpayer,

§

DOCKET NO. S. 24-0009-JP

v.

§

STATE OF ALABAMA
DEPARTMENT OF REVENUE.

§

FINAL ORDER

This appeal involves the denial by the Alabama Department of Revenue of an application for a state sales tax certificate of exemption. The Taxpayer filed its Notice of Appeal with the Tax Tribunal on December 27, 2023. In its appeal, the Taxpayer asserted that it provided the requested documents and that it is a public Alabama nonprofit corporation which operates within the Notasulga, Alabama community and not a school-affiliated group.

The Tax Tribunal's Second Preliminary Order directed the Taxpayer to provide to the Tax Tribunal, no later than May 10, 2024, any specific legal authority that supported the Taxpayer's claim of being exempt from paying sales or use tax. As of the date of this Order, no such authority, nor any other response, has been provided by the Taxpayer.

In its Answer, the Revenue Department stated that it properly denied the Taxpayer's application for a certification of exemption from sales and use tax because the Taxpayer's reason for exempt status in its application simply claimed Internal Revenue Code § 501(c)(3) rather than a specific act of Alabama legislation. Simply citing Internal Revenue Code § 501(c)(3) is insufficient to grant the Taxpayer exempt status in Alabama. Alabama

Administrative Code Rule 810-6-3-.07.05 states that, “[u]nless specifically exempted by statute, charitable and nonprofit organizations and institutions are subject to the sales and use tax levied under Title 40, Chapter 23, Code of Ala. 1975, and related collection, remittance, and reporting requirements.”

Here, the Taxpayer is not specifically exempted by any Alabama statute. Similarly, Alabama Administrative Code Rule 810-6-2-.88.04 addresses exemptions for certain sales by schools, school sponsored clubs and organizations, and school affiliated groups. The Revenue Department stated that it also evaluated the Taxpayer’s application under Rule 810-6-2-.88.04 and concluded that the appropriate documentation was not provided by the Taxpayer for the Revenue Department to grant a certificate of exemption pursuant to this rule. Further, the Taxpayer’s Notice of Appeal explicitly states that it “is NOT a ‘school affiliated group.’” Since the Taxpayer is not specifically exempt by statute, nor are they a school affiliated group, the Taxpayer is required to pay sales or use taxes on all purchases of tangible personal property.

Therefore, the Department’s denial of the sales tax certificate of exemption is upheld. This Final Order may be appealed to circuit court within 30 days, pursuant to Ala. Code § 40-2B-2(m).

Entered June 26, 2024.

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

jp:thb

cc: Linda K. Hallmark
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