ALASKA DEPARTMENT OF REVENUE, TAX DIVISION
ADVISORY BULLETIN

The Department of Revenue has received an inquiry as to the due date for certain payments as provided by section 71 of SCS CSHB 2001(FIN) am S (referred to below as "HB 2001"). To provide guidance to taxpayers, the Department is issuing this Advisory Bulletin setting out the Department's interpretation of the relevant provisions of section 71.

The inquiry notes that although section 71 requires taxpayers to pay any additional production taxes resulting from the retroactive application of certain provisions of HB 2001 "before April 1, 2008," section 71 does not expressly identify a specific due date. The inquiry suggests that this raises the question whether taxpayers will owe interest under AS 43.05.225 on the payments.

The Department believes that the language of section 71 referring to payment "before April 1, 2008" expresses the legislature's intent that the payment of the additional production taxes resulting from retroactive application of certain provisions of HB 2001 will be due on March 31, 2008. Accordingly, it is the Department's interpretation that interest will not be owed on those additional production taxes if they are paid no later than March 31, 2008.

The Department also takes this opportunity to provide guidance on a related issue involving the application of section 71, namely, the cutoff date for monthly installment payments subject to the transition provisions of that section. The effective date of the relevant provisions of HB 2001 is December 20, 2007. However, for obvious reasons of administrative practicability, mid-month changes in the tax regime are to be avoided. It is the Department's interpretation of section 71 that the earliest monthly installment payment that is not subject to the transition provisions of that section regarding retroactive tax changes will be the payment for oil and gas produced during January, 2008, which will be due February 29, 2008.

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Issued: December 20, 2007