ALABAMA TAX TRIBUNAL

GUIDING HANDS RESOURCE CENTER,	§	
Taxpayer,	§	DOCKET NO. S. 26-0277-RC
v.	§	
STATE OF ALABAMA DEPARTMENT OF REVENUE.	§	

OPINION AND FINAL ORDER

This appeal involves the denial by the Alabama Department of Revenue of an application for a state sales and use tax certificate of exemption. A Second Preliminary Order was entered on September 8, 2026, which stated that unless either party notified the Tax Tribunal by October 8, 2026, that it desired a formal hearing, the Tax Tribunal would deem the parties in agreement that the case be decided without a hearing. As neither party has responded, this Final Order is entered without a hearing.

Guiding Hands Resource Center (the "Taxpayer") is an Alabama nonprofit corporation, created by filing a Certificate of Formation on April 22, 2026. On May 12, 2026, the Taxpayer applied to the Department for a certificate of exemption from sales and use tax. The Department responded on May 15, 2026, denying the issuance of an exemption certificate. The reason stated in the denial letter is that ""[p]ursuant to Sales & Use Tax Rule 810-6-3-.07.05, charitable and nonprofit organizations/ institutions have no special exemption from sales and use tax." The Taxpayer timely appealed the Department's action in denying the exemption certificate to this

Tribunal.

In its Notice of Appeal, the Taxpayer included a copy of the determination letter it received from the Internal Revenue Service, recognizing the Taxpayer's status as a public charity exempt from federal income tax under IRC § 170(b)(1)(A)(vi) and to which donations are deductible by donors under IRC § 501(c)(3). It further stated "federal nonprofit recognition alone does not automatically establish exemption eligibility under Alabama sales and use tax law. However, [the Taxpayer] respectfully seeks review and clarification regarding the statutory basis for denial and the applicability of Alabama's statutory exemption framework to the organization's charitable operations."

The Taxpayer's Notice of Appeal characterized its activities as "community resource assistance, support services, referrals, and crisis-related assistance to individuals and families." The Taxpayer stated that it had plans to expand its operations in the future to "food assistance initiatives and transitional housing programming designed to support young adults ages 17-21, including youth in or transitioning from DHR custody, through housing stability, life skills and development, supportive services, and resources intended to promote successful independent living."

In its Answer, the Department argues "Alabama Administrative Code Rule 810-6-3-.07.05 states '[u]nless specifically exempted by statute, charitable and nonprofit organizations and institutions are subject to the sales and use tax levied under [the sales & use tax provisions of the Code of Ala. 1975], and related collection,

remittance, and reporting requirements.' Statutory exemptions from taxation and licenses can be found in Sections 40-9-1 through 40-9-61 …. The entities that are exempt from sales and use taxes are exempt because the Alabama legislature declared them to be. The Taxpayer is not found in any of the above mentioned statutes. '[T]he Tax Tribunal has no legal authority to rule that the Taxpayer is entitled to an exemption certificate without an official declaration of the legislature that the Taxpayer is exempt from sales and use taxes.' The Auxiliary of Big Oak Ranch, Inc. v. Dept. of Revenue, Ala Tax Trib., Docket No. S. 24-0661-JP (August 14, 2025)."

The Tribunal entered a Preliminary Order on July 20, 2026, directing the Taxpayer to review and respond to the Department's Answer. The Taxpayer did not respond. The Tribunal entered a Second Preliminary Order on September 8, 2026, again directing the Taxpayer to review and respond to the Department's Answer. The Taxpayer has again failed to respond. The Tribunal interprets the Taxpayer's failure to comply with its preliminary orders to be a refusal to comply as provided for in Ala. Code (1975), § 40-2B-2(k)(2). Thus, the Tribunal elects to issue this Opinion and Final Order without having held a hearing and without having the benefit of the Taxpayer's arguments, if any, in response to the Department's Answer.

The Department is correct when it notes that exemptions from sales and use tax (as opposed to exemptions from income tax) are provided for largely on a case-by-case basis in the Code provisions cited in its Answer, above. It is correct also to note

that the Taxpayer is not among those organizations so exempted.[1]

The Tribunal does not doubt the worthy purposes or charitable intent of the Taxpayer's founders and employees. It is understandable that someone not versed in the finer details of Alabama tax law might believe that charitable organizations are categorically exempt from sales tax, especially as they are so exempt from income tax at both the federal and the Alabama level. However, this belief is in error, and the Department was correct to deny the Taxpayer's application for a sales and use tax certificate of exemption. The Department's action in doing so is upheld.

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

Entered October 29, 2026.

/s/ *Ralph M. Clements, III*
RALPH M. CLEMENTS, III
Associate Judge
Alabama Tax Tribunal

cc: Guiding Hands Resources Center
Ryan N. Corley, Esq.

[1] While it is not necessary to address the question in deciding this Appeal, and thus the Tribunal makes no ruling on this point, query whether the legislative provisions exempting the many particular organizations by name in Title 40, Chapter 9, Article 1 of the ALA. CODE (1975) do or do not run afoul of Section 104 of the CONSTITUTION OF ALABAMA OF 2022, and in particular subsections (9) or (15) thereof, stating "[t]he legislature shall not pass a special, private, or local law in any of the following cases: … (9) Exempting any individual, private corporation, or association from the operation of any general law; … (15) Regulating either the assessment or collection of taxes…."