



This Week in State Tax (TWIST)

May 4, 2026



Alabama: Fees added to cover credit card charges not included in sales tax base

Governor Ivey recently signed into law [Senate Bill 221](#), which excludes fees charged by a merchant to offset credit or debit card transaction fees from the sales and use tax base. Effective September 1, 2026, sellers and merchants that recover credit or debit card processing costs by charging customers a fee for an electronic payment transaction must exclude those fees from the taxable base. Under prior law, such fees were included in the base for calculating sales or use tax due. For any questions regarding this change or other Alabama matters, please reach out to [Scott Jackson](#).

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