



# Alabama State Tax Lien Checklist

## What a State Tax Lien Means

An Alabama state tax lien is a legal claim that the Alabama Department of Revenue places against your property when you owe unpaid state income taxes. This lien attaches to all property you currently own, including real estate, vehicles, bank accounts, and other assets, and remains in effect until you satisfy the debt or the state's collection authority expires under Title 40 of the Code of Alabama.

State officials file a Notice of Tax Lien in the Office of the Judge of Probate in any county where you reside or own property. This filing creates a public record that notifies creditors and lenders that the state claims an interest in your property to secure payment of the tax liability. Filing the lien does not mean the state has seized your assets. You retain ownership of your property, but the state holds a legal right to that property until you pay the debt in full.

## Why does the State issue this Action

Alabama officials issue a tax lien after you fail to pay state income tax debt following standard collection efforts. Your tax account is transferred to Collection Services after an assessment becomes final and the appeal period expires, as outlined in Title 40.

At this stage, the tax liability carries the full force and effect of a court judgment under the Alabama Code. Collection Services sends a Final Notice Before Seizure letter, warning of further collection action if you do not remit full payment within ten days.

State officials file the lien at the probate office when you do not respond to this final notice. This enforcement action protects the state's claim on your assets and places competing creditors on notice that your tax account remains unresolved.

## What Happens If You Ignore This

Failing to address an Alabama state tax lien can result in escalating enforcement actions by collectors. State officials may issue a Writ of Garnishment to your employer, directing them to withhold twenty-five percent of your gross wages, or may garnish your bank account by directing your financial institution to seize funds up to the full amount owed.



Officials may issue a Writ of Execution to the sheriff in your county, authorizing the seizure and sale of personal property such as vehicles, boats, business inventory, or real estate. Interest continues to accrue on your unpaid balance at the interest rate established under Alabama Code Section 40-1-44, which is based on the federal underpayment interest rate.

Your lien remains on public records and continues to encumber your property, making it difficult to sell or refinance assets. These actions proceed without additional notice once the Final Notice Before Seizure period expires, and the debt continues growing as interest rates compound over time.

## What This Does Not Mean

An Alabama state tax lien does not automatically trigger property seizure or wage garnishment. Filing the lien establishes the state's legal claim with full force under Title 40, but separate enforcement actions must actually follow to take your assets.

You can still sell property that has a lien against it, but the sale proceeds must satisfy the state's claim before you receive any money. This lien represents a civil enforcement action, not a criminal matter, and the state will not file criminal charges based solely on the existence of a lien recorded at the probate office.

## Steps to Take After Receiving Notice

Follow these steps to address an Alabama state tax lien:

- **Step 1: Verify the lien and liability**

Contact Collection Services at 334-242-1220 or 334-353-8096 to confirm the lien filing and request the exact amount owed, including accumulated interest. Ask for copies of all lien documents and current tax account statements showing how interest has affected your total balance.

- **Step 2: Gather your records**

Collect your tax returns, income documentation, previous notices from the Alabama Department of Revenue, and records of any prior payments you made toward the debt.



- **Step 3: Review your financial situation**

Calculate your monthly income and necessary living expenses to determine whether you can pay the full amount immediately or need to request a payment arrangement. Please note that interest will continue to accrue during any payment plan.

- **Step 4: Contact Collection Services promptly**

Please explain your situation and express your intention to resolve the debt. Ask about available payment plans and whether your account qualifies for currently not collectible status if you face genuine financial hardship.

- **Step 5: Request installment arrangements**

The Alabama Department of Revenue may agree to payment plans that allow you to satisfy the debt over time while avoiding wage garnishment or property seizure. Understand that interest continues to accrue during the payment period, increasing your total obligation.

- **Step 6: Document all communications**

Keep detailed records of every phone call, including the date, time, and names of the revenue officers. Save copies of all correspondence and send documents by certified mail with a return receipt requested.

- **Step 7: Make payments as agreed**

Once you establish a payment arrangement, ensure that you remit all payments on time and in full. Missing even one payment can result in immediate enforcement action because the assessment retains full force under Title 40.

- **Step 8: Request lien release after payment**

After you pay the tax liability in full, contact Collection Services to request written confirmation that the state has released the lien. Always verify that the state properly releases the lien after you satisfy the debt, understand how interest rates affect your total payment amount, and retain all payment receipts permanently in case credit reporting agencies or credit report disputes require documentation.



## Common Mistakes to Avoid

Do not ignore collection notices from the Alabama Department of Revenue, as the state will not send multiple warnings before proceeding with garnishments or property seizures. Never provide incomplete or inaccurate financial information when requesting payment arrangements, as this can result in the denial of your request and continued accrual of interest at the applicable rate.

Missing payments on an agreed-upon installment plan triggers the immediate resumption of collection actions with full force and effect under the Code of Alabama. Continue filing and paying current-year taxes, even while resolving past liabilities, as falling behind on new obligations can create additional liens. Always verify that the state properly releases the lien after you satisfy the debt, understand how interest rates affect your total payment amount, and retain all payment receipts permanently in case credit reporting agencies or credit report disputes require documentation.

## Resolution and Moving Forward

Alabama officials remove the lien only after you pay the tax liability in full, including all accumulated interest. Payment plans allow you to avoid aggressive collection actions while the lien remains in place, but the lien does not disappear until you complete all payments.

State policy does not accept offers in compromise to settle your debt for less than the full amount owed when taxes are legally due. Taking prompt action protects you from wage garnishment, bank levies, and property seizures while you work toward a resolution.



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## Facing State Tax Enforcement Action?

If you've received a notice related to sales tax or payroll tax enforcement, and aren't sure how to respond, our team can help you understand your options and next steps.

### We help with:

- State enforcement notices and responses
- Sales tax audits, assessments, and collections
- Payroll & trust fund tax enforcement issues
- Penalty and interest reduction options
- Payment plans and state tax relief eligibility
- Representation before state tax agencies

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