

Alabama Department of Revenue Business & License Tax Division



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Contact Information

Alabama Department of Revenue
Business & License Tax Division
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Office Staff:

- Anita Gregory
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Online Resources

ADOR's website contains a wealth of information regarding taxes, licenses, etc. Please direct taxpayers who wish to research their questions regarding business licenses, obtaining sales tax identification numbers or starting a new business to www.Revenue.Alabama.gov. The website contains the license handbook, brochures, publications, contact information and other resources to assist with their questions.

Also www.AtlasAlabama.gov is an excellent resource for businesses in Alabama.



General

- The law pertaining to Privilege License is found in the Code of Alabama 1975 Title 40, Chapter 12.
- The Handbook of Privilege & Store License which includes the law pertaining to Privilege License as well as interpretations for most sections can be found on the State website at:

<http://revenue.alabama.gov/licenses/webpag3.cfm>

Due and Delinquent Date

- Section 40-12-26

“Except as otherwise provided, all licenses or privilege licenses payable hereunder shall be due on October 1 of each year and shall be for one year, ending September 30 following, and shall be delinquent on November 1 of each year.”

Statute of Limitation

- Citation or Escaped License:

- Three fiscal years
- (Current plus two prior years)

- Petition for Refund:

- Two years from date of payment
- All refunds should be issued by ADOR
- No refunds issued on licenses purchased, but licensee later decides he/she does not want to pursue business activity

Interest & Penalty

- Interest: Must be added to delinquent licenses
- Penalty: Must be collected by probate judge or commissioner (Section 40-12-10(d))

Note: It shall be unlawful for any probate judge or other officer to fail to collect the penalty when issuing the license.

Census Data

- Data is provided every ten years
- Any license tax that is based on city/county population must be computed using census data provided by ADOR

Electronic Citation Form

- The Citation Form is in Microsoft Excel.
- This form can be completed on a laptop or tablet and then printed for the taxpayer.
- It will compute the license amount for most sections based on license criteria entered into the form.
- It will compute the interest and penalty due.
- Printed form is easier read.
- In order to get a copy of the electronic citation form contact the License Section.

[Electronic Citation Form](#)

License Sections

Automobile Accessory Dealers

Section 40-12-53

- License is not applicable to licensed service stations and garages if wholesale value of inventory does not exceed \$75.
- License is not required to sell:
 - A.C. Generators (used on boats, trucks, other motor vehicles)
 - Anti-Freeze
 - Oil Additives
 - Oil & Filter Only

Conditional Sales Contracts, Drafts, Acceptances, etc., Dealers In Section 40-12-83(b)

- The license is to be purchased in each county in which the applicant has one or more offices. If more than one office is operated under the same name within a county, the applicant is required to purchase one license.
- Where different trade names are used then a license is required for each place of business having a different trade name or different ownership.

Section 40-12-83(b)

Continued

Example:

1. Joe Brown has two cash advance companies in the same county and both are known as Brown's Cash Advance Company. Mr. Brown would be required to purchase one license.
2. Joe Brown has two cash advance companies in the same county, one is known as Brown's Cash Advance and the other is known as B & B Cash Advance. Mr. Brown would be required to purchase two licenses.

Construction Companies or Contracts

Section 40-12-84

- Fee is based on gross amount of contract
- License is delinquent at point contract is signed
- License is for duration of contract
- Good statewide; however, if maximum license has not been purchased should return to county where license was originally issued for an upgrade.

Construction Companies Continued

Speculative Homes
verses
Custom Homes

- Speculative
Homes that the builder builds without a buyer and are not presold.
- Custom
Homes that the builder builds with a buyer and are presold prior to completion.

Speculative Homes

- Speculative homes may be built without a Section 40-12-84 license as long as no contract is signed before the home is completed.

Construction Companies Continued

- Verifying Gross Contracts:
 - The gross contract amount is the total amount of the contract including labor and materials
 - Can use income reported on income tax returns for verification (Schedule C for individuals)
 - Review contracts or sales invoices
 - Max license of \$375.00 is for total contracts over \$200,000.00.

Fireworks

Section 40-12-102

- No half-year license if business was open in previous license year.
- No penalty & interest should be charged if license is purchased prior to opening for season.

Gasoline Stations and Pumps

Section 40-12-106

- Number of pumps is not determined by the number of nozzles, but the number of vehicles that can be filled simultaneously.

Flying Jennies, Merry-Go-Rounds, etc.

Section 40-12-103

License required for such items as:

Roller Coasters

Merry-Go-Rounds

Flying Jennies

Hobby Horses

Other Inflatables

Note: License is required for each such device

Chain Store Licenses

Section 40-12-315

- Where stores are located in more than one county, the licensee is required to procure the licenses in the county where the initial store license was obtained.
- Store does not include establishments where the principal (51%) business is selling or distributing petroleum products or ice (4,000 pounds)

Real Estate Brokers and Agents

Section 40-12-149

- No license is required for appraisers or individuals buying property for themselves and reselling it for a profit
- A license is required for renting property and charging a commission

Transient Vendor

Section 40-12-174(b)(c)(d)

- (b) Most vendors traveling place to place, craft shows, flea markets, etc. and any other license that may apply
- (c) Tool vendors where you enter truck to view merchandise
- (d) Medicine, salves and ointments, and other goods

Junk Dealers

Section 116

- Buyers of scrap gold or silver are required to purchase this section.
- Examples of some businesses that may purchase gold:
 - Pawn Shops
 - Payday Loan Companies
 - Jewelry Stores
- Note: They are only required to purchase this section if they purchase gold based on content (quality or weight) rather than form (coins, jewelry, etc.).

How To Increase Revenue

- Send out renewal notices
- Obtain city business licenses and do comparison
- Use the telephone book
- Go door to door
- Advertise renewal dates in newspaper

Retail Inspections

- When conducting retail inspections, inspect for other items
- Inspect sales tax number
- Inspect cigarettes
- Inspect other tobacco products
- Inspect gasoline receipts

Half-Year License on or after April 1st

No Half-Year Licenses Issued for following Sections:

- Section 47 Amusement Parks
- Section 59 Baseball Parks
- Section 74 Circuses
- Section 77 Coal and Coke Dealers Not Maintaining Yards
- Section 82 Concerts, Musical Entertainments, etc.
- Section 84 Construction Companies or Contractors
- Section 101 Fire, Closing Out, etc., Sales
- Section 103 Flying Jennies, Merry-Go-Rounds, etc.
- Section 111 Horse Show, Rodeo, or Dog & Pony Shows
- Section 119 Legerdemain and Sleight of Hand
- Section 132 Moving Picture Shows, Transient Operators
- Section 147 Racetracks, Athletic Fields, etc.
- Section 157 Shooting Galleries
- Section 163 Street Fairs and Carnivals
- Section 173 Transient, Theatrical and Vaudeville Shows

Questions?