







# Operating a Business in Alabama: Business Privilege Licenses


Business Essentials for  
State Taxpayers (B.E.S.T.)

Rev. 06/15/2022

1

## B.E.S.T. Webinar Series Housekeeping Reminders

-  Everyone's lines were muted when entering the meeting. This is to prevent background noises from interrupting the presentations. Only the host is able to unmute someone.
-  Click on the Layout button to set your preferred viewing option.
-  If you would like to ask a question about the presentation, please use the Q&A box to send a question to **all panelists** (*not to a particular presenter*). We will respond to your question during the Q&A Session near the end of the presentation.
-  At the conclusion of the webinar, a short evaluation survey will open on your screen. Your feedback is important to us, so thank you in advance for responding to the survey.



2

## Disclaimer

The information in this presentation is intended to be an overview. It is not a comprehensive explanation of all aspects of the subject matter, does not represent legal advice, and is not legally binding on the department. Information regarding taxes and tax administration changes frequently and should always be confirmed through a tax professional.

Please refer to the Alabama Department of Revenue website at [revenue.alabama.gov](https://revenue.alabama.gov) for additional information.



3

## Purpose of this Webinar

To inform Alabama taxpayers of the requirements and guidelines for obtaining a business privilege license for an Alabama business.

This presentation will cover:

- The definition of a business privilege license
- Who is required to have a business privilege license
- What do I need to obtain a business privilege license
- Where do I purchase a business privilege license
- How much does a business privilege license cost



4

## What is a business privilege license?

- A license which is required for certain businesses or professions to engage in a particular activity within the state of Alabama, as indicated in Title 40, Chapter 12, Code of Alabama 1975.
- Commonly called a business license.
- **Do not confuse a business privilege license (BPL) with the business privilege tax (BPT).** These are two separate requirements.



5

## BPL vs. BPT

- A business privilege license (BPL) is issued through a local county and is a fee paid by businesses for the privilege of operating a business within the state.
- A business privilege tax (BPT) is a tax administered by the state through the ALDOR's Income Tax division.



6

# Sample State/County Business Privilege License

**STATE OF ALABAMA**  
MONTGOMERY COUNTY

CONTROL NO. 0320037548  
ACCOUNT NO. 037548

ISSUED TO:  
KIMBERLY SIMMONS  
101 S LAWRENCE STREET  
MONTGOMERY, AL 36104

LICENSE NO. 0000000

DATE ISSUED  
07 08 2020

LICENSE YEAR  
2019-2020

LICENSE TYPE  
STORE LICENSE  
CHAIN STORE LICENSE  
OCCUPATIONAL LICENSE ☒

BUSINESS LOCATION:  
DBA AL DEPARTMENT/REVENUE SAMPLE  
30 NORTH RIPLEY STREET  
MONTGOMERY, AL 36104

EXPIRES  
September 30, 2020  
RENEW IN OCTOBER

SECTION	BUSINESS TYPE	LICENSE ANNUITY	FEE	PENALTY	CITATION	INTEREST	TOTAL	
000	COLLECTION AGENCIES	75.00	1.00	11.20	0.00	2.68	89.88	
TRANSFER OF LICENSE Evidence having been adduced before me that a bona fide sale of the business licensed by this certificate has been made by licensee, this license is transferred to said purchaser: Name of Purchaser: KATHLEEN D. BAXTER Issuing Authority: KATHLEEN D. BAXTER, State Comptroller							TOTAL	89.88
Name of Purchaser: VERNON BARNETT Issuing Authority: J.C. LOVELL III, Commissioner of Revenue							MAIL FEE	0.00
Name of Purchaser: J.C. LOVELL III Issuing Authority: J.C. LOVELL III							TOTAL WITH MAIL FEE	89.88
REFRINT LICENSE							0.00	

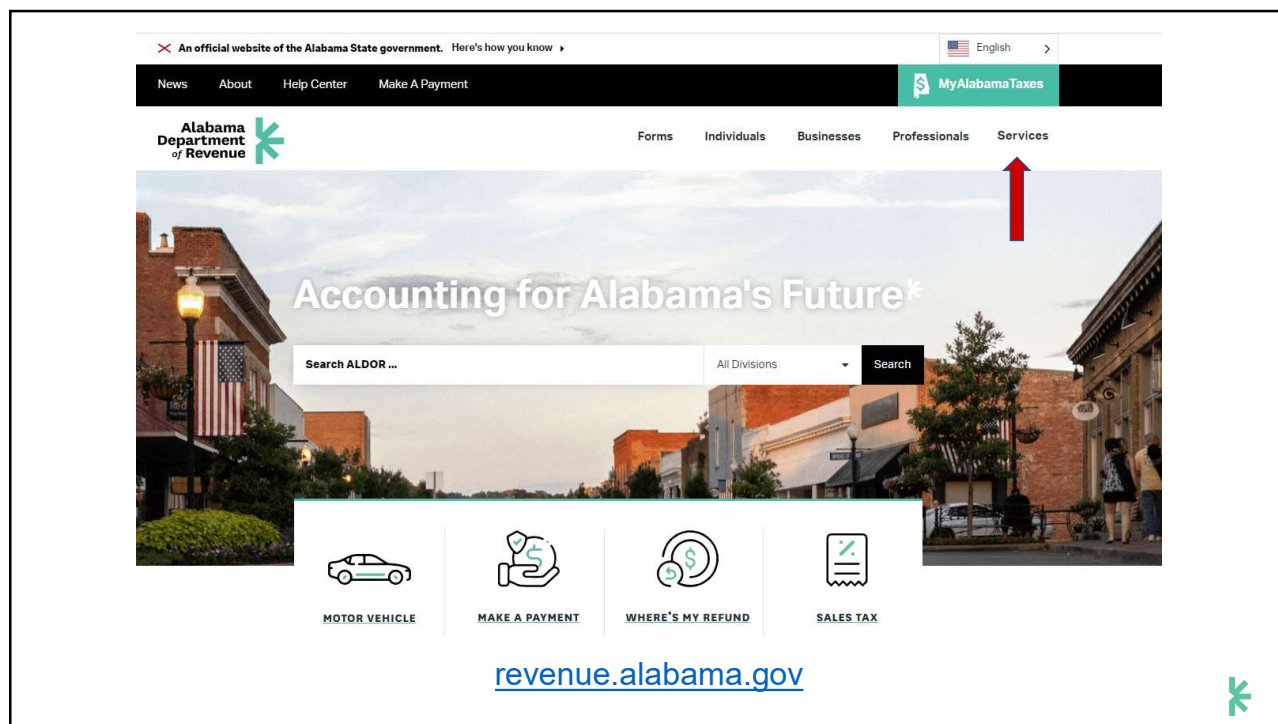
L3 07/08/2020 08:41AM

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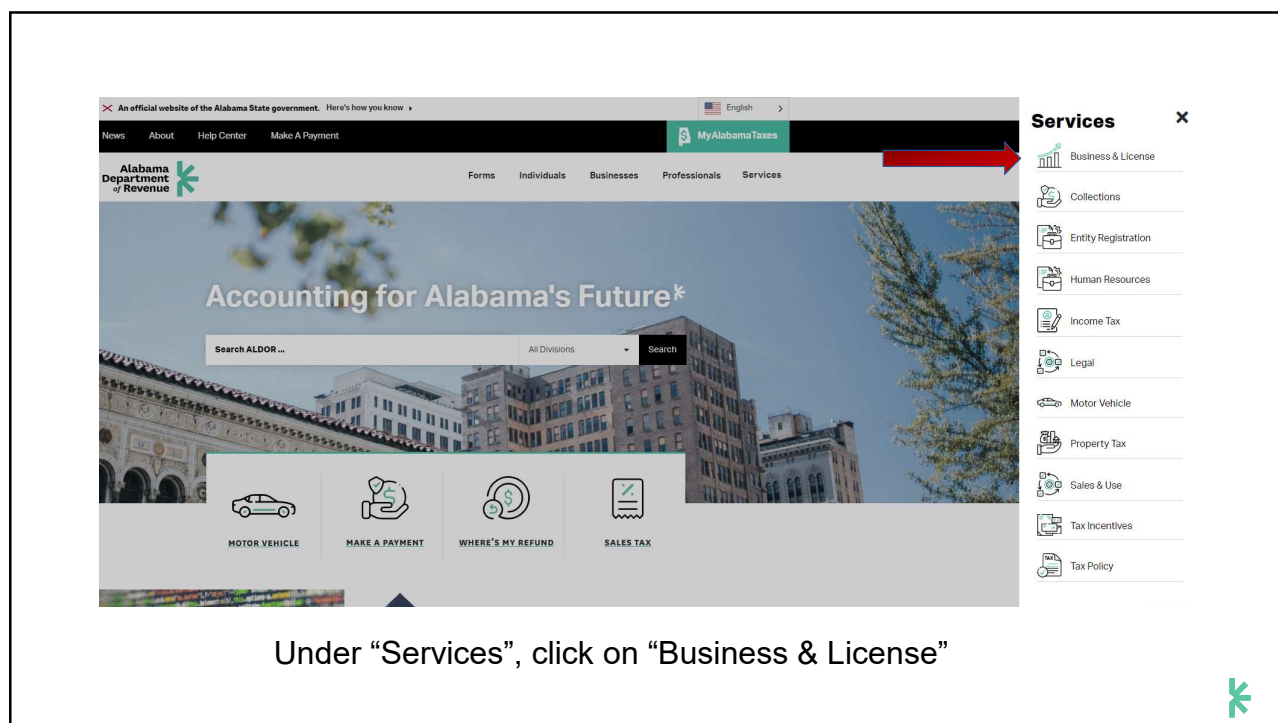
## Who is required to purchase a state/county business privilege license?

- Not all professions or businesses are required to obtain a state/county business privilege license. Go to [revenue.alabama.gov/wp-content/uploads/2022/06/Quick-Reference-Guide.pdf](https://revenue.alabama.gov/wp-content/uploads/2022/06/Quick-Reference-Guide.pdf) to view the Quick Reference Guide and a list of the various licenses identified by section in the Code of Alabama 1975.
- In addition to the business privilege license, some occupations/professions such as contractors, cosmetologists, physicians, automobile dealers, etc., require a regulatory license, which may be obtained prior to securing the business license. Please check with the appropriate board for licensing requirements. Go to [inform.alabama.gov/agencysearch.aspx](https://inform.alabama.gov/agencysearch.aspx) to search for contact information.
- Persons operating a business via the internet, such as a store with a physical presence in Alabama, (mailing address, employees, etc.) are required to obtain the same licenses as a brick-and-mortar business.

8



9



10

## Resources

- [Business & License FAQ](#)
- [Administrative Rules](#)
- [Notices](#)
- [BEST](#)
- [Atlas Alabama](#)
- [My Alabama Taxes](#)

### Business & License Forms

- [Certificate of Compliance by Manufacturer Regarding Escrow Payment \(Including Importers\)](#)
- [Certificate of Compliance by Manufacturer Regarding Escrow Payment \(Including Importers\)](#)
- [Exporter Return Schedule Instructions](#)

## About the Division

Business and License administrators motor fuels taxes, severance taxes, tobacco taxes, and other business licenses.

## Services

### Motor Fuels

### Business Licensing

Oversees and coordinates the issuance of state & county business privilege licenses. Find more information on starting a new business and view helpful videos.

### Business Privilege License

### Store License

### County Probate Office

### Municipal Business License

### Handbook of Privilege & Store Licenses

### Tobacco Tax

Click on "Business Licensing" and then on "Business Privilege License"



11

## Business Privilege License

Search ALDOR...

### More In Business & License

#### Business Privilege License

[Pari-Mutuel Pool Tax & State Horse Wagering Fee](#)

[Underground and Aboveground Storage Tank Trust Fund Charge](#)

[Summary of Motor Fuels Exemptions](#)

[Cigarettes Approved for Stamping and Sale](#)

[Oil & Gas Tax](#)

[State Administered Local Severance Taxes](#)

[Severance Taxes Administered & Tax Rates](#)

[Coal Severance Tax](#)

[Forest Products Severance Tax](#)

[Back To Business & License Home](#)

A privilege license is a license requirement of every person, firm, company or corporation engaged in any business, vocation, occupation or profession described in Title 40, Chapter 12, Code of Alabama 1975.

The state and county license(s) is issued by the county Probate Judge or License Commissioner in the county where the business is located. Unless otherwise provided, a license is required in every county where the business is conducted. The Alabama Department of Revenue does not administer municipal licenses. Check with every city office where you are conducting business to verify what licenses are required prior to transacting business. For city contact information visit the [Alabama League of Municipalities website](#).

[View the Handbook of Privilege and Store Licenses](#)

[View Interest Rates for Privilege Licenses Report](#)

[File your Annual Business Privilege Tax](#)

[Privilege License Interest Rate Factor Chart](#)

[Quick Reference Guide](#)



12

# Sample Page of Quick Reference Guide

## Quick Reference Guide

8/2019

Type of Business	Code Section(s) Required	Possible Code Section(s)	Additional Notes/ Possible Code Sections
Abstract Company	41		Exempt if Part of Attorney's General Practice
Acetylene Gas Manufacturers	42		
Accountants, Certified Public	71, Board of Public Accountancy		
Accountants, Public	43, Board of Public Accountancy		
Accounts Receivable Factoring	83a		
Actuaries	43		Actuaries Employed By Insurance Co. Exempt
Acupuncturist	155		
Adding Machines Sales	44, 315		
Advertising Agency	None	45, 87	
Advertising, Internet Sites	None	45	
Advertising Sign Companies	45	87	
Air Compressor-Coin Operated	176p		Air & Vacuum at Car Wash Etc.
Air Conditioning Installation	46	84	Alabama Board of Heating, Air Conditioning & Refrigeration Contractors
Air Conditioning Repairs	97		
Air Conditioning Sales	46, 315		



13

# Sample Page of Handbook of Privilege Store Licenses

## §40-12-41

### Abstract Companies, etc.

Abstract companies and persons engaged in the business of furnishing abstracts of title shall pay the following license taxes:

City Population	License Amount	Fee	Total
100,000 or more	\$112.50	\$1.00	\$113.50
50,000 and less than 100,000	75.00	1.00	76.00
20,000 and less than 50,000	60.00	1.00	61.00
10,000 and less than 20,000	37.50	1.00	38.50
5,000 and less than 10,000	30.00	1.00	31.00
All other places whether incorporated or not	15.00	1.00	16.00

The payment of the license tax required by this section shall authorize the doing of business only in the town, city, or county where paid; provided, that this section shall not apply to regular licensed practicing attorneys who furnish abstracts as a part of their general practice.

### §§ Interpretations

- Licensed Attorney – If the attorney is operating an independent abstract business and holding it out as an abstract business in itself, he would be liable for the license. If he is merely making abstracts, as a part of his general law practice, he would not be liable for the license.

## §40-12-42

### Acetylene Gas and Carbide Manufacturers

Each person manufacturing acetylene gas and carbide shall pay the following license tax:



14

## **What do I need to obtain a business privilege license?**

- Name/legal structure of the business, e.g., sole proprietor, partnership, LLE (limited liability entity), etc.
- Federal Employer Identification Number (FEIN) or Social Security Number (SSN).
- The type of business that you will be operating, i.e., what type of services or products will your business offer.
- A detailed description of the type of business that the company will be engaging in. For example, if opening a store, you will need to know what type of products will be sold as various items may require separate licenses (e.g., bicycles, radios, auto accessories, etc.).



15

## **Additional Information for Obtaining a Business Privilege License**

- Multiple licenses are required when conducting business in multiple categories.
- A separate license may be required for each business location, depending on the license category.
- The licensing official may require that an application form be completed.



16



## Where do I purchase a state/county business privilege license?

- State/county business privilege licenses are administered through the local county office.
- Visit the local county license authority, where the business is located, to purchase the state/county business privilege license.
- Note: The name of this office may vary depending on the county. It may be the county probate judge, revenue commissioner, license commissioner, etc.



17

## County License Office Contact Information

- A list of county license offices is available on the Alabama Department of Revenue's webpage at [revenue.alabama.gov/business-license/business-licensing/county-probate-office-directory/](https://revenue.alabama.gov/business-license/business-licensing/county-probate-office-directory/).
- You may also visit [atlasalabama.gov/](https://atlasalabama.gov/) and search the County Directory for contact information on every county in Alabama.



18

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- [Administrative Rules](#)
- [Notices](#)
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- [Atlas Alabama](#)
- [My Alabama Taxes](#)

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[Business Privilege License](#)[Store License](#)[County Probate Office](#)[Municipal Business License](#)[Handbook of Privilege & Store Licenses](#)

### Tobacco Tax

Click on "Business Licensing" and then on "County Probate Office"



19



## County Probate Offices Directory

Search ALDOR ...

### More In Business & License

#### Business Privilege License

[Pari-Mutuel Pool Tax & State Horse Wagering Fee](#)

[Underground and Aboveground Storage Tank Trust Fund Charge](#)

[Summary of Motor Fuels Exemptions](#)

[Cigarettes Approved for Stamping and Sale](#)

County	Mailing Address	Physical Address	Phone
Autauga		176 West 5th St. Prattville, 36067-3041	334-361-3730
Baldwin	P.O. Box 459 Bay Minette, 36507-0459		251-937-0260
Barbour-Clayton	P.O. Box 158 Clayton, 36016		334-775-8371
Barbour-Eufaula		303 E. Broad St., Ste. 101	334-687-7637



20

## Additional Information about Purchasing a Business Privilege License

- If operating a chain store, all **store** licenses (Section 315) for the chain are purchased in the **home** county where the business originated (i.e., the county where the first store was opened.) Other required licenses for the store are to be purchased in the **county where the business is located**.
- In addition to the state/county business privilege license, some counties impose a separate county business license fee. Check with the local county office to determine if this applies to you and your business.



21

## Municipal Licenses

- **Municipalities may also require a business license.** Check with the city or town clerk's office to determine if this applies to you and your business.
- Visit Atlas Alabama at [atlasalabama.gov/](https://atlasalabama.gov/) to search the Municipality Directory or the Alabama League of Municipalities' website at [alalm.org](https://alalm.org) for municipal contact information.



22

## How much does a business privilege license cost?

- License fees vary based upon the profession and/or the location of the business.
- There is a \$1 issuance fee per license. Some counties have additional fees for issuance or mailing. Each county has its own procedures for the issuance of business privilege licenses.
- If the business does not begin operating until after April 1, you may be eligible for a half-year license.



23

## Additional Business Privilege License Information

- Businesses are required to renew licenses during the month of October each year.
- Licenses not renewed by the due date (October 31) are subject to a non-waivable 15% penalty, plus interest.
- Licenses are nonrefundable. Purchased licenses, which are not used and/or are not needed, are not eligible for a refund unless they represent a duplicate license as evidenced by the purchase of two licenses in the same business entity name for the same license period.



24

## Additional Business Privilege License Information

- Licenses are transferable if the business is sold. The license must be transferred to the new owner at the county license office with the payment of a \$1 transfer fee.
- Licenses **must be displayed** in a conspicuous place at the business location and are subject to inspection by the license authorities.
- Failure to purchase/display a license, as required, may result in a citation being issued.



25

## Final Thoughts

- It is the taxpayer's responsibility to notify the county licensing official if the business closes or changes locations.
- State/county business privilege licenses must be renewed during the month of October. Renewal notices are mailed as a courtesy by some counties. However, these are courtesy reminders as **there is no statutory requirement to send reminder notices.**



26

## Final Thoughts

- Upon receipt of the state/county business privilege license, contact the local taxing authority to determine if a municipal license is required. Note: Some cities require a “delivery” license. Therefore, all companies which enter into their jurisdiction may be required to obtain a license. The state of Alabama does not regulate municipal licenses or county-imposed licenses. Contact the county or city for any licensing requirements.
- Taxpayers should visit ALDOR’s webpage at [MyAlabamaTaxes.Alabama.gov](http://MyAlabamaTaxes.Alabama.gov) to register the business with the proper tax account(s) such as sales tax, withholding, etc.



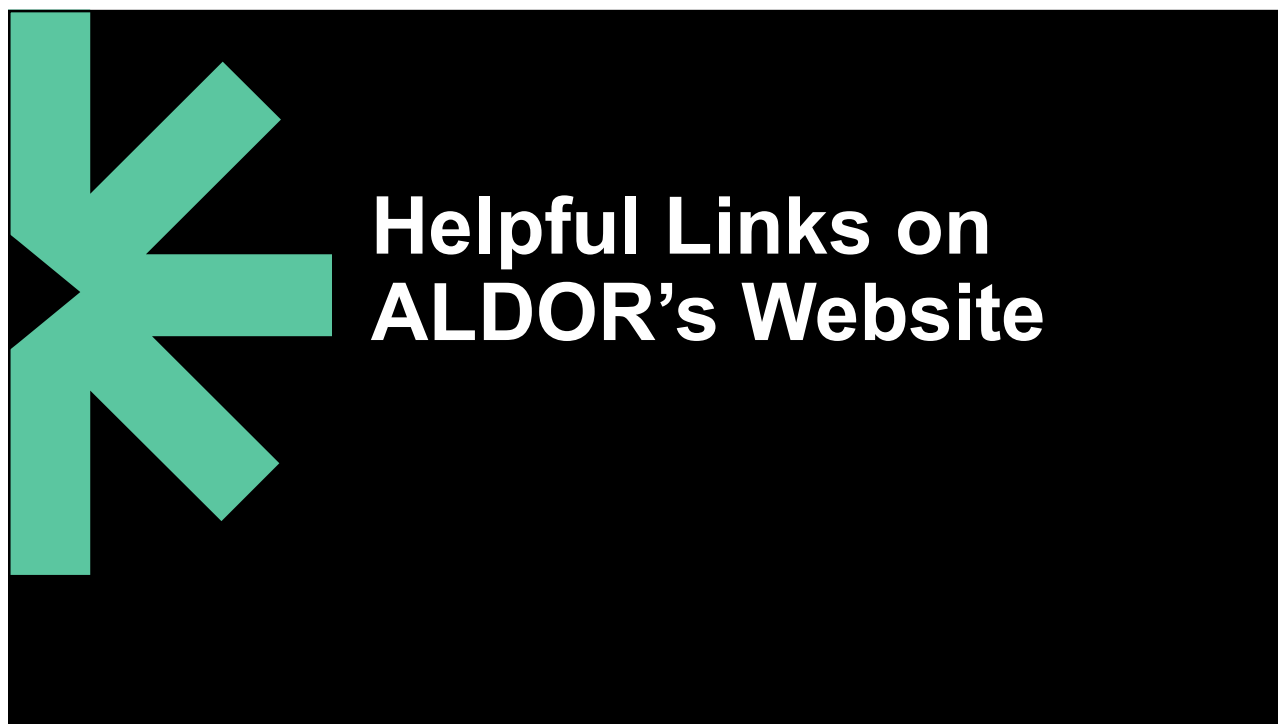
27

## Business & License Division Contacts

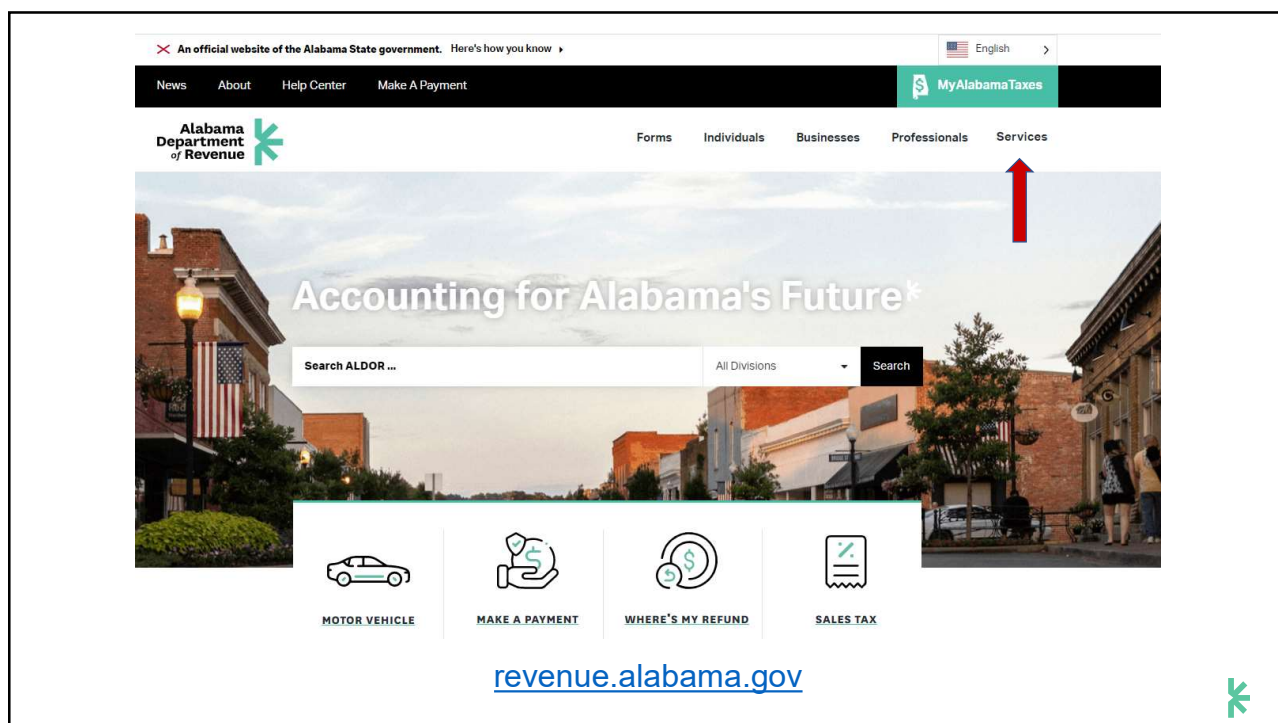
MOTOR FUELS SECTION 334-242-9608	SEVERANCE TAX SECTION 334-242-9612
Gasoline Tax	Coal Severance Tax
Aviation & Jet Fuel Tax	Local Solid Minerals Tax
Diesel Fuel Tax	Oil & Gas Privilege Tax
Motor Carrier Mileage Tax	Oil & Gas Production Tax
Wholesale Oil/Import License Fee	Forest Products Severance Tax
Local Gasoline and Motor Fuel Taxes	Uniform Natural Minerals Tax
Lubricating Oil Tax	
TOBACCO TAX SECTION 334-242-9627	ENVIRONMENTAL/OTHER TAXES 334-242-9612
State Tobacco Products	Hazardous Waste
State-administered County Tobacco Taxes	Solid Waste
Master Settlement Agreement (MSA)/ Escrow Provisions	Underground and Aboveground Storage Tank Trust Fund Charge
	Scrap Tire Environmental Fee
PRIVILEGE LICENSES 334-353-7827	Pari-mutuel Pool Tax & State Horse Wagering Fee
Privilege License Tax	
Store Licenses	



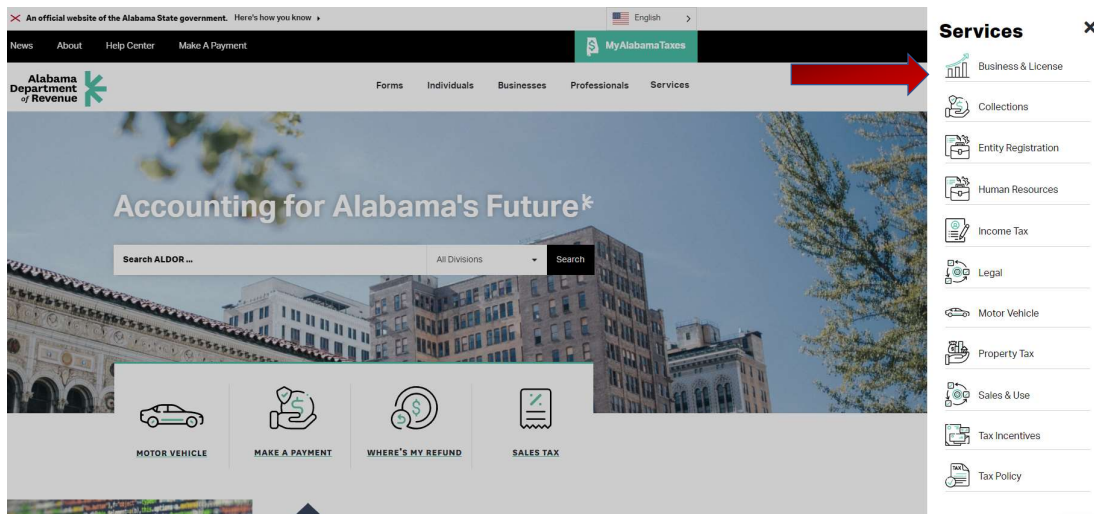
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29



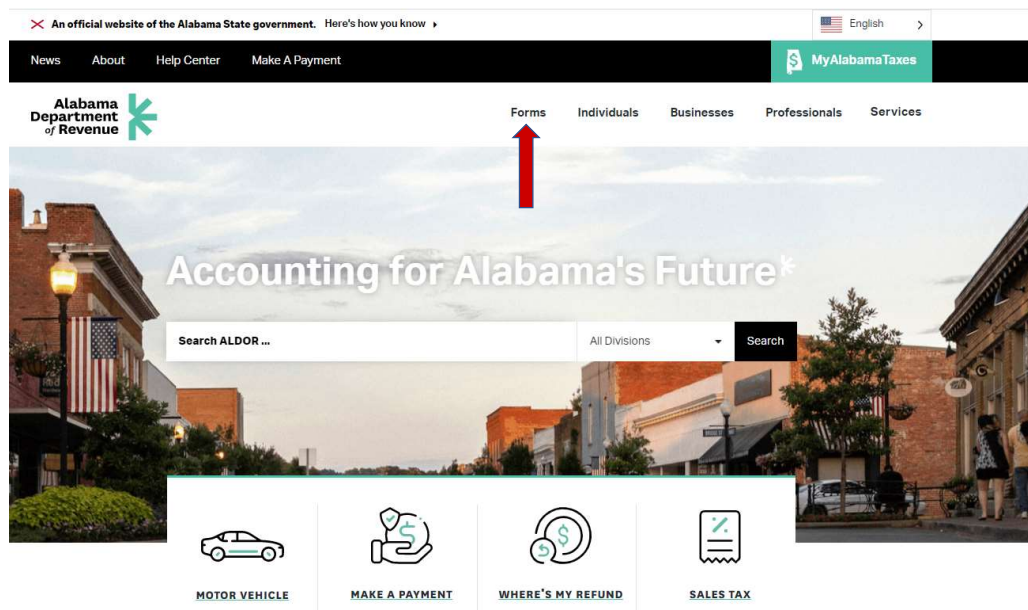
30



Under “Services”, click on “Business & License”



31



From the homepage ([revenue.alabama.gov](http://revenue.alabama.gov)), click on “Forms”



32



An official website of the Alabama State government. Here's how you know

English

News About Help Center Make A Payment

MyAlabama Taxes

Alabama Department of Revenue

Forms Individuals Businesses Professionals Services

## Forms

All forms will download as a PDF. Please refer to the list of mailing addresses for the appropriate forms.  
For income tax form orders, please use this contact form.

Homepage > Search A/DOR ... All Divisions

**Filter Forms**

ADV-40

**Apply filter**

Form Year

2021

Categories

Personal Property

Service

Property Tax

**Remove filters**

Showing (1) out of (1) Forms

Form Number	Form Title	Form Year	Download
ADV-40	Tangible Personal Property Return	2021	<a href="#">Download</a>

[www.revenue.alabama.gov/forms](http://www.revenue.alabama.gov/forms)

\*To find a particular form, add as much information as possible in the filters

33

## Alabama Department of Revenue Taxpayer Service Centers

The Alabama Department of Revenue has nine Taxpayer Service Centers located throughout the state to assist you. Contact information for the service centers can be found at:

<https://www.revenue.alabama.gov/help-center/>

34

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<https://www.revenue.alabama.gov/b-e-s-t/webinar-series-schedule/>

Also available are B.E.S.T. Learning Modules at

<https://www.revenue.alabama.gov/b-e-s-t/watch-learning-modules-online/>



35

## Questions?

Please use the Q&A feature in Webex to ask  
the presenter questions or  
email [Carol.Murphy@revenue.alabama.gov](mailto:Carol.Murphy@revenue.alabama.gov) after the webinar.



36