





Operating a Business in Alabama: Business Privilege Tax


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

Rev. 06/15/2022

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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.



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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 for additional information.



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Purpose of this Webinar

To inform Alabama taxpayers of the requirements and guidelines for filing Business Privilege Tax (BPT) in Alabama. This presentation will cover:

- Defining Business Privilege Tax
- Business Privilege Tax – Useful Facts and Tips
- Business Privilege Tax Filing Information by Entity Type
- Penalties and Interest Due for Not Filing Properly



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What is Business Privilege Tax?

A tax levied for the privilege of being organized under the laws of Alabama or doing business in Alabama.

Every:

- Corporation
- Limited Liability Entity (LLE)
- Disregarded Entity
- Business Trust
- Real Estate Investment Trust

doing business in Alabama, or is **qualified**, or **registered** under the laws of Alabama.



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Who is Not Required to File Business Privilege Tax?

- Sole Proprietors
- General Partnerships
- Companies that **have not qualified to do business** in Alabama **with only an investment interest** in companies doing business in Alabama
- Qualified Nonprofit Organizations



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Business Privilege Tax - Useful Facts and Tips

- Business Privilege Tax (BPT) is filed annually, plus the initial return (BPT-IN) which is due 2½ months after being organized, incorporated, qualified, or registered with the Alabama Secretary of State.
- The tax is based on the net worth of the company, not the income.
- The minimum tax due is \$100. *(Plus, a \$10 Secretary of State fee for corporations.)*
- BPT can be filed through My Alabama Taxes (myalabamataxes.alabama.gov/) or e-filed through an approved software vendor.



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Business Privilege Tax - Useful Facts and Tips

- Copies of the federal tax return must be attached for partnerships and corporations or use the department's form BPT-NW (*Balance Sheet - Net Worth Computation for Form CPT and PPT*).
- A copy of the balance sheet used to compute the taxpayer's net worth must be attached for single member LLCs. If not provided with the copy of the federal tax return, use the department's form BPT-NWI (*Balance Sheet - Net Worth Computation for Disregarded Entities with Individual Single Member Only*).



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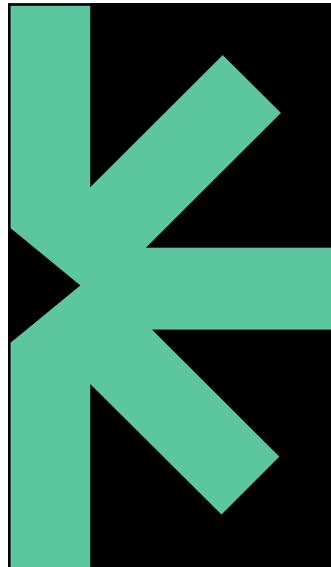
Business Privilege Tax - Useful Facts and Tips

- When filing, use the form with the year that you are filing in. For example, if filing a return in April 2022 use the 2022 BPT form even though you are using information from the previous year end.
- BPT does not have a “final” return. Taxpayers must dissolve/withdraw the business with the Secretary of State for the account to be “closed.”
- If the taxpayer never “uses” or “opens” the business, the BPT is still owed until the taxpayer dissolves or withdraws the business.



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Business Privilege Tax Filing Information by Entity Type



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Who Must File by Entity	Alabama Document(s) to File	When to File
All entities listed below	Form BPT-IN	Within 2 ½ months after being organized, incorporated, qualified or registered
<ul style="list-style-type: none"> C Corporation LLE taxed as a C Corporation 	Form CPT, copy of federal income tax return, & Worksheet BPT-NW C Corporations must also file Schedule AL-CAR	No later than the corresponding federal income tax return as required to be filed, as provided under federal law.
<ul style="list-style-type: none"> S Corporation LLE taxed as a Sole Proprietor, Partnership, or S Corporation 	Form PPT, copy of federal income tax return, & Worksheet BPT-NW or Worksheet BPT-NWI S Corporations must also file Schedule AL-CAR	No later than the corresponding federal income tax return as required to be filed, as provided under federal law.



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FORM BPT-IN 2022

Alabama Department of Revenue

Alabama Business Privilege Tax Initial Privilege Tax Return

Initial Privilege Tax - This form is to be completed ONLY by taxpayers who incorporated, organized, qualified, registered or started doing business in Alabama in 2022. NOTE: Initial returns must be filed within 2-1/2 months of incorporation, organization or qualification. See the detailed instructions on the Alabama Department of Revenue Web site (www.revenue.alabama.gov).

Make check payable to: Alabama Department of Revenue
(Payment must be submitted with Form BPT-V, unless payment is made electronically)
Mail to: Alabama Department of Revenue, Business Privilege Tax Section
P.O. Box 327320, Montgomery, AL 36132-7320

Print

Reset

-This form has been enhanced to complete all calculations and to compute the amount of tax due. Just key in your data prior to printing the form. If you choose to use the fill-in option, PLEASE DO NOT HANDWRITE ANY OTHER DATA ON THE FORM OTHER THAN YOUR SIGNATURE.

-It has also been enhanced to print a two dimensional (2D) barcode. The PRINT FORM button MUST be used to generate the (2D) barcode which contains data entered on the form. The use of a 2D barcode vastly improves processing of your return and reduces the costs associated with processing your return.

Type of taxpayer (check only one):

1a. ☐ C Corporation

1d. ☐ LLE Taxed as Corporation

1f. ☐ Business Trust

1i. ☐ Disregarded Entity

1b. ☐ Insurance Company

1e. ☐ Real Estate Investment Trust

1g. ☐ S Corporation

1h. ☐ Limited Liability Entity

DO NOT FILE FORM BPT-IN AS AN ANNUAL RETURN

[Find Sec of State File #](#)

TAXPAYER INFORMATION

3a. LEGAL NAME OF BUSINESS ENTITY

3c. BPT ACCOUNT NO. (SEE INSTRUCTIONS)

3f. MAILING ADDRESS

3g. CITY

3h. STATE

3i. ZIP CODE

3d. SECRETARY OF STATE ENTITY ID NO. (SEE SOS.ALABAMA.GOV)

3e. FEIN

3f. FEDERAL BUSINESS CODE NO. (NAICS) (SEE WWW.CENSUS.GOV)

4a. CONTACT PERSON CONCERNING THIS FORM

4b. CONTACT PERSON'S PHONE NO.

4c. TAXPAYER'S E-MAIL ADDRESS

Enter Month of Tax Year End

Please enter the date the entity incorporated, organized, qualified or registered in Alabama or started doing business in Alabama, whichever occurred first:

2a. Date of Qualification, Incorporation or Organization (mm/dd/yyyy)

[Find NAICS Code](#)

FEIN NOT REQUIRED (SEE INSTRUCTIONS)

5a. County of incorporation or organization for all Alabama entities	5a
5b. State or country of incorporation or organization for all foreign entities	5b
6a. Date of qualification or registration in Alabama for foreign entities	6a
6b. Date of incorporation or organization for all entities	6b
6c. Date started doing business in Alabama	6c
6d. Telephone number of the taxpayer	6d
7a. Name of registered agent in Alabama	7a
7b. FEIN or social security number	7b
7c. Street address	7c
7d. City, state, and zip code	7d



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FORM CPT 2022

Alabama Department of Revenue
Alabama Business Privilege Tax Return
and Annual Report

1a ☐ Calendar Year (Taxable Year 2022 – determination period beginning _____ and ending 12/31/2021)
 1b ☐ Fiscal Year (Taxable Year 2022 – determination period beginning _____ and ending _____ /2022)
 1c ☐ Amended Return (Attach Supporting Documentation) ☐ 52/53 Week Filer

Type of taxpayer (check only one):
 2a ☐ C Corporation 2b ☐ Insurance Company (See definitions)
 2c ☐ LLE Taxed as Corporation 2d ☐ Financial Institution Group Member 2e ☐ Real Estate Investment Trust (REIT)
 2f ☐ Business Trust Number of AL-CARs attached (Financial Institutions only) _____

TAXPAYER INFORMATION

3a LEGAL NAME OF BUSINESS ENTITY _____ 3b FEIN _____ ☐ FEIN NOT REQUIRED (SEE INSTRUCTIONS)
 3c MAILING ADDRESS _____
 3d CITY _____ 3e STATE _____ 3f ZIP CODE _____
 3g BPT ACCOUNT NO. _____ (SEE INSTRUCTIONS)
 3h FEDERAL BUSINESS CODE NO. _____ (NAICS) (SEE WWW.CENSUS.GOV)
 3i CONTACT PERSON CONCERNING THIS FORM _____
 3j CONTACT PERSON'S PHONE NO. _____
 3k TAXPAYER'S E-MAIL ADDRESS _____

RETURN INFORMATION

4a ☐ Corporation President Information Change on attached Schedule AL-CAR (Corporation Annual Report)
 4b ☐ Corporation Secretary Information Change on attached Schedule AL-CAR (Corporation Annual Report)
 5a Date of Incorporation or Organization _____ 5b State of Incorporation or Organization _____ 5c County of Incorporation or Organization _____

COMPUTATION OF AMOUNT DUE OR REFUND DUE

		Amount Due
6 Secretary of State corporate annual report fee \$10	6	
7 Less: Annual report fee previously paid for the taxable year	7	
8 Net annual report fee due (line 6 less line 7)	8	
9 Privilege tax due (Page 2, Part B, line 20)	9	

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FORM PPT 2022

Alabama Department of Revenue
Alabama Business Privilege Tax Return
and Annual Report

-This form has been enhanced to complete all calculations and to compute the amount of tax due. Just key in your data prior to printing the form. If you choose to use the fill-in option, PLEASE DO NOT HANDWRITE ANY OTHER DATA ON THE FORM OTHER THAN YOUR SIGNATURE.

-It has also been enhanced to print a two dimensional (2D) barcode. The PRINT FORM button MUST be used to generate the (2D) barcode which contains data entered on the form. The use of a 2D barcode vastly improves processing of your return and reduces the costs associated with processing your return.

1a ☐ Calendar Year (Taxable Year 2022 – determination period beginning _____ and ending 12/31/2021)
 1b ☐ Fiscal Year (Taxable Year 2022 – determination period beginning _____ and ending _____ /2022)
 1c ☐ Amended Return (Attach Supporting Documentation) 1d ☐ 52/53 Week Filer

Type of taxpayer (check only one): 2a ☐ S Corporation 2b ☐ Limited Liability Entity 2c ☐ Disregarded Entity 2d ☐ LLE taxed as S Corporation

TAXPAYER INFORMATION

3a LEGAL NAME OF BUSINESS ENTITY _____ 3b FEIN _____ ☐ FEIN NOT REQUIRED (SEE INSTRUCTIONS)
 3c MAILING ADDRESS _____
 3d CITY _____ 3e STATE _____ 3f ZIP CODE _____
 3g BPT ACCOUNT NO. _____ (SEE INSTRUCTIONS)
 3h FEDERAL BUSINESS CODE NO. _____ (NAICS) (SEE WWW.CENSUS.GOV)
 3i CONTACT PERSON CONCERNING THIS FORM _____
 3j CONTACT PERSON'S PHONE NO. _____
 3k TAXPAYER'S E-MAIL ADDRESS _____

RETURN INFORMATION

4a ☐ S Corporation President Information Change on attached Schedule AL-CAR (Corporation Annual Report)
 4b ☐ S Corporation Secretary Information Change on attached Schedule AL-CAR (Corporation Annual Report)
 5a Date of Incorporation or Organization _____ 5b State of Incorporation or Organization _____ 5c County of Incorporation or Organization _____

COMPUTATION OF AMOUNT DUE OR REFUND DUE

		Amount Due
6 Secretary of State corporate annual report fee \$10 (corporations only)	6	
7 Less: Annual report fee previously paid for the taxable year	7	
8 Net annual report fee due (line 6 less line 7)	8	0


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Schedule AL-CAR

- This form must be completed by C corporations and S corporations.
- Limited Liability Entities taxed as corporations **are not** subject to the Secretary of State fee and **are not** required to complete Schedule AL-CAR.
- This form is a required attachment to Form CPT and PPT.
- Taxpayers filing an **initial return** **are not** required to complete Schedule AL-CAR or pay the \$10 Secretary of State fee.



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Reset Schedule AL-CAR

BUSINESS PRIVILEGE
TAX YEAR
2022

Alabama Department of Revenue
Alabama Secretary of State Corporation Annual Report

1a FEIN	1b LEGAL NAME OF BUSINESS ENTITY (PLEASE TYPE OR PRINT)	
•		
1c CONTACT PERSON CONCERNING THIS FORM	1d CONTACT PERSON'S PHONE NUMBER	
1e TAXPAYER'S E-MAIL ADDRESS		
•		

2a County of incorporation or organization for all Alabama entities.....	2a	
2b State or country of incorporation or organization for all foreign entities.....	2b	
3a Date of qualification or registration in Alabama for foreign entities.....	3a	
3b Date of incorporation or organization for all entities.....	3b	
3c Telephone number of the taxpayer.....	3c	
4a Name of registered agent in Alabama.....	4a	
4b FEIN or social security number.....	4b	
4c Street address.....	4c	
4d City.....	4d	
4e State.....	4e	
4f Zip.....	4f	
5a Name of corporate president..... • (Update <input type="checkbox"/>)	5a	•
5b Social security number.....	5b	•
5c Street address.....	5c	•
5d City.....	5d	•
5e State.....	5e	•
5f Zip.....	5f	•
6a Name of corporate secretary..... • (Update <input type="checkbox"/>)	6a	•
6b Social security number.....	6b	•



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Alabama Department of Revenue
Balance Sheet – Net Worth Computation
(FOR FORMS CPT AND PPT)

1a FEIN	1b NAME	1c Determination Period End Date (Balance Sheet Date): (mm/dd/yyyy)
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This worksheet is required to be completed to substantiate the net worth computation. This worksheet is for entities that are not required to complete a Schedule L on the federal Form 1120, 1065 and 1120S and disregarded entities that have as its single member a taxpayer that **is not** subject to Alabama business privilege tax (foreign business entities not doing business in the state of Alabama and not registered with the Alabama Secretary of State's office to do business in Alabama). **Individual single member taxpayers should use Worksheet BPT-NWI.**

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash	////	////	////	////
2a Trade notes and accounts receivable	////	////	////	////
b Less allowance for bad debts	()	()	()	()
3 Inventories	////	////	////	////
4 U.S. government obligations	////	////	////	////
5 Tax-exempt securities	////	////	////	////
6 Other current assets (attach statement)	////	////	////	////
7 Loans to partners (or persons related to partners) (For Limited Liability Entities only)	////	////	////	////
8 Loans to shareholders (For Corporations only)	////	////	////	////
9 Mortgage and real estate loans	////	////	////	////
10 Other investments (attach statement)	////	////	////	////
11a Buildings and other depreciable assets	////	////	////	////
b Less accumulated depreciation	()	()	()	()
12a Depletable assets	////	////	////	////
b Less accumulated depletion	()	()	()	()
13 Land (net of any amortization)	////	////	////	////
14a Intangible assets (amortizable only)	////	////	////	////
b Less accumulated amortization	()	()	()	()
15 Other assets (attach statement)	////	////	////	////

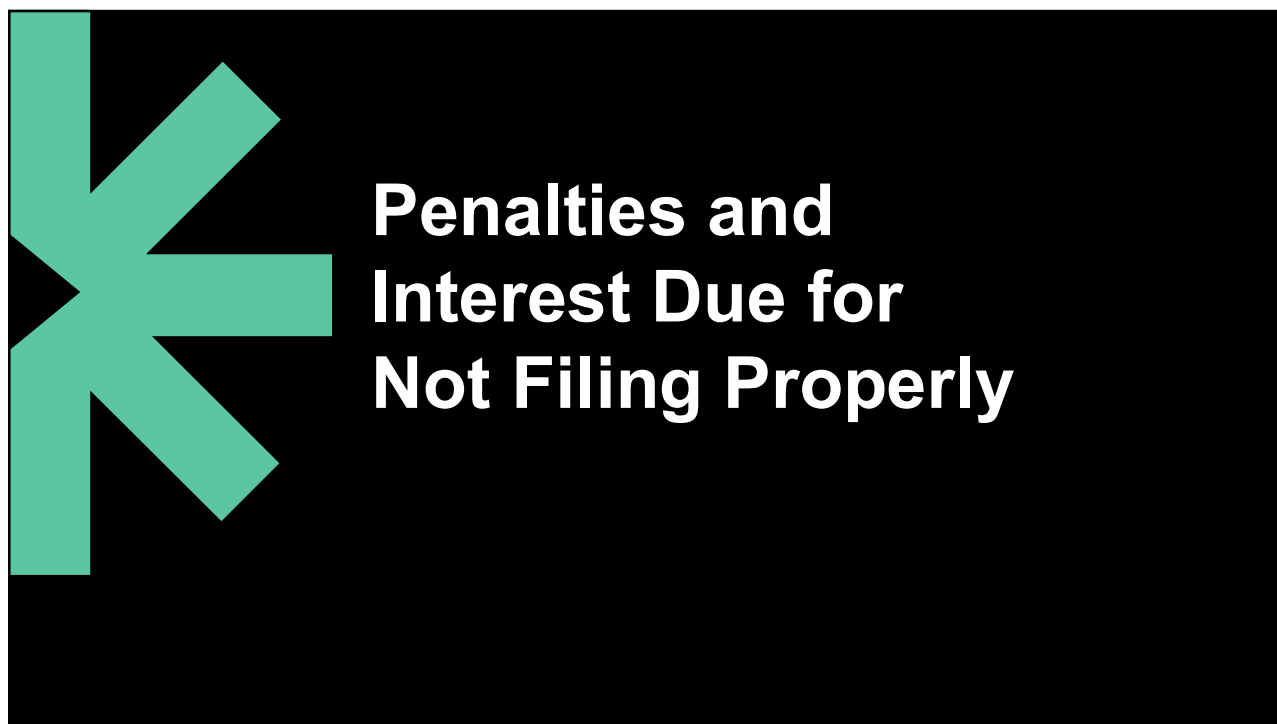
Alabama Department of Revenue
Balance Sheet – Net Worth Computation
(FOR DISREGARDED ENTITIES WITH INDIVIDUAL SINGLE MEMBER ONLY)

1a FEIN	1b NAME	1c Determination Period End Date (Balance Sheet Date): (mm/dd/yyyy)
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The Worksheet BPT-NWI is available to be completed to substantiate the net worth computation for Form PPT. This worksheet is for disregarded entities that have as its single member an individual taxpayer- typically single member LLCs taxed as sole proprietorships. The balance sheet should agree with the disregarded entity's books and records. Attach a statement explaining any differences.

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash	////	////	////	////
2a Trade Notes and Accounts receivable	////	////	////	////
b Less allowance for bad debts				
3 Inventories	////	////	////	////
4 U.S. government obligations	////	////	////	////
5 Tax exempt securities	////	////	////	////
6 Other current assets (attach statement)	////	////	////	////
7a Loans to members (or persons related to members)	////	////	////	////
b Mortgage and real estate loans	////	////	////	////
8 Other investments (attach statement)	////	////	////	////
9a Buildings and other depreciable assets	•	////	•	////
b Less accumulated depreciation				
10a Depletable assets	•	////	•	////
b Less accumulated depletion				
11 Land (net of any amortization)	•	////	•	////
12a Intangible assets (amortizable only)	////	////	////	////
b Less accumulated amortization				





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Penalties	
	• Failure to Timely File Penalty
	10% of tax due or \$50; whichever is greater
	• Failure to Timely Pay Penalty
	➤ 1% of tax due per month; maximum 25% (e.g., income tax returns)
	➤ Flat rate of 10% of tax due for monthly and quarterly returns (e.g., sales, lodgings, or rental tax returns)
	• Negligence Penalty (<i>intentional disregard for rules and/or regulations</i>)
	5% of tax due
	• Fraud Penalty (<i>to purposely deceive</i>)
	50% of tax due

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Interest Due

- If the tax is not timely paid, interest is also due and by law cannot be waived.
- The rate of interest changes because it is the same rate as established by the U.S. Secretary of the Treasury under the authority of 26 U.S. Code § 6621.
- Current interest rates can be viewed at:
<https://revenue.alabama.gov/assessments/quarterly-interest-rates/>

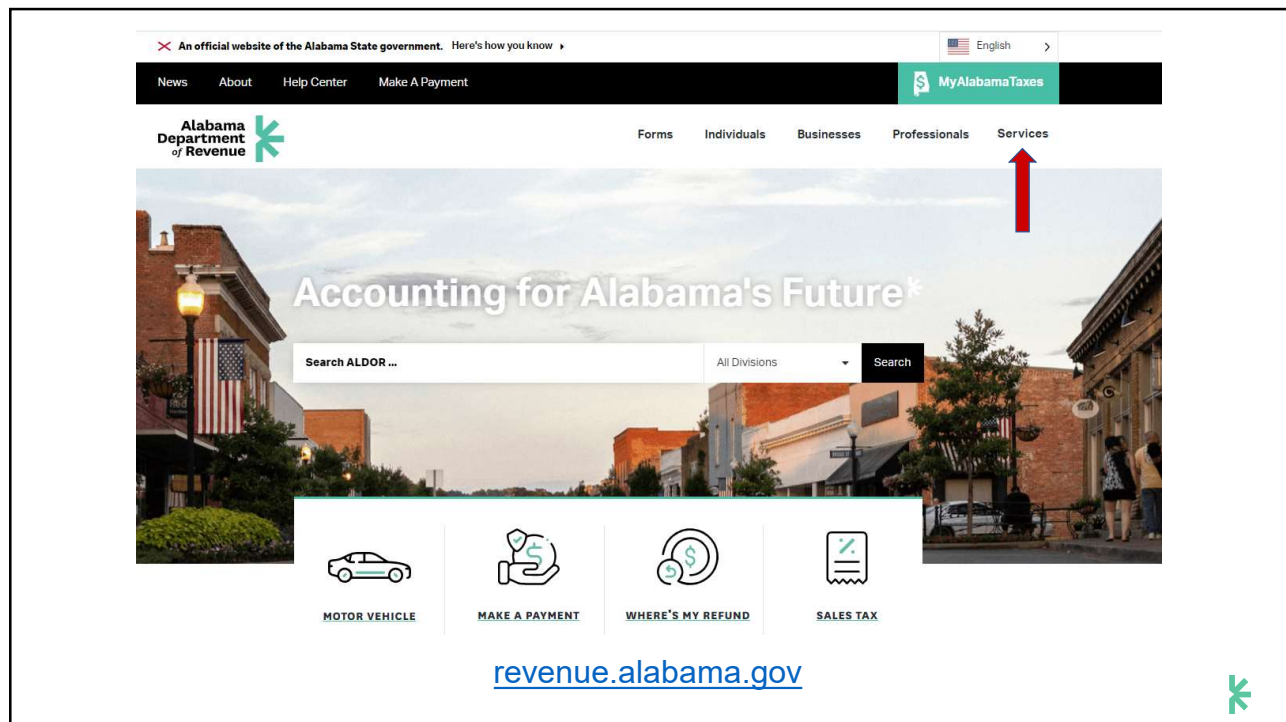


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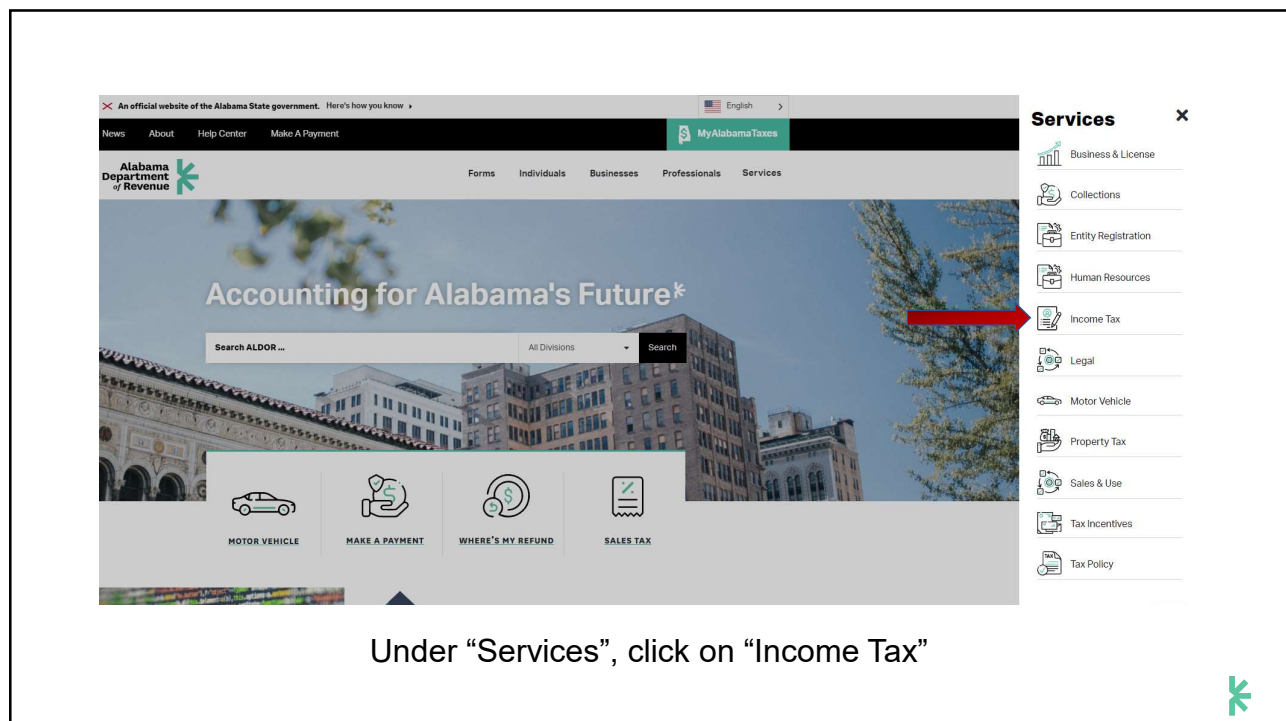


**Helpful Links on
ALDOR's Website**

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► **Professionals**

▼ **Taxes Administered**

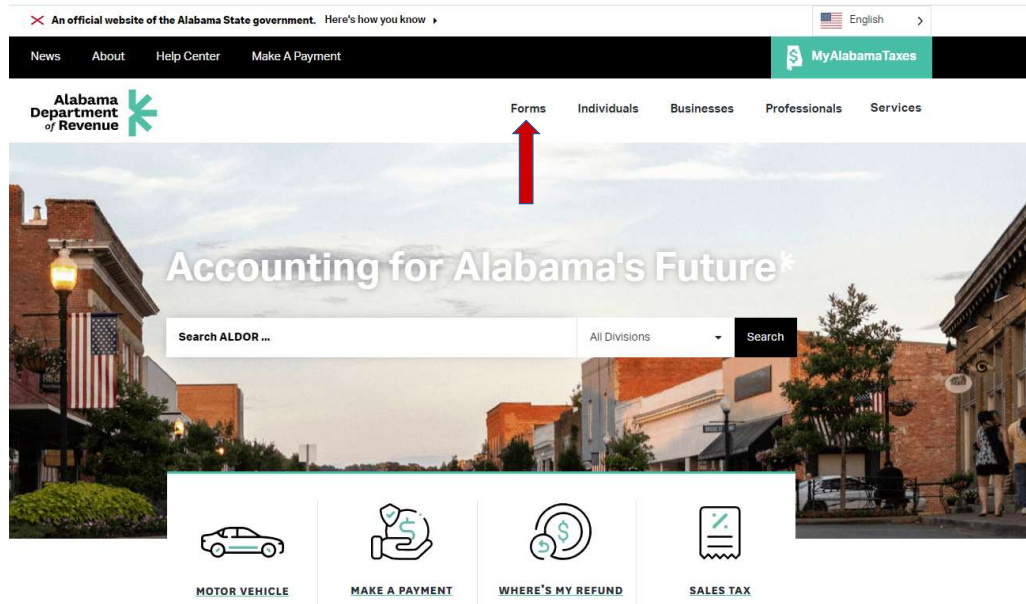
*Income Tax is responsible for the administration of individual income tax, business privilege tax, corporate income tax, partnerships, S-Corporation, fiduciary and estate tax, financial institution excise tax, and withholding taxes. For a complete listing of forms, visit the **forms** page.*

Business Privilege Tax	Individual Income Tax
Corporate Income Tax	Financial Institution Excise Tax
Fiduciary & Estate	Partnerships
S-Corporations	Withholding Tax

Under “Taxes Administered”, click on “Business Privilege Tax”



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From the homepage (revenue.alabama.gov), click on “Forms”



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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 AIDOR ... 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	Download

www.revenue.alabama.gov/forms

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

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Alabama Department of Revenue Contact Numbers

- 334-242-1170 Option #1 – Individual Income Tax
- 334-242-1170 Option #7 – Withholding Tax
- 334-242-1170 Option #6 – Corporate Tax
- 334-242-1170 Option #8 – Business Privilege Tax
- 334-242-1170 Option #6 – Pass-Through Entity
- 334-242-1189 – Certificate of Compliance
- 334-242-1584 – Business Registration
- 334-242-1490 – Sales and Use Tax

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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/>



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Thank you for being ALDOR's B.E.S.T.!

B.E.S.T. Webinar presentations can be found at

[https://www.revenue.alabama.gov/b-e-s-t
/webinar-series-schedule/](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/](https://www.revenue.alabama.gov/b-e-s-t/watch-learning-modules-online/)



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Questions?

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

