

ALABAMA MUNICIPAL BUSINESS LICENSE FREQUENTLY ASKED QUESTIONS (FAQ'S)

I am opening up a business inside the city limits of a municipality; do I need to purchase a business license?

If that municipality has passed a business license ordinance then yes, you are **required** to purchase a business license from that municipality.

I am opening up a business in the police jurisdiction of a municipality; do I need to purchase a business license?

If that municipality has a business license ordinance and if that municipality has a police jurisdiction then yes, you are **required** to purchase a license from that municipality. However, the rate which you will pay will be one half the normal rates.

I am a service based business and I don't have a physical location in a municipality or its police jurisdiction, but I do service customers in the incorporated city limits and its police jurisdiction, do I need to purchase a business license?

Yes, you should purchase a business license and pay the normal rate. This license will cover you for work inside the city limits and its police jurisdiction.

I am a service based business, and I do not have a physical location in a municipality or its police jurisdiction. I only service customers in the police jurisdiction of a municipality. How much will my license cost?

You will pay one half the normal rates. However, should you service any customers inside the city limits you must pay the full rate of the license. If it is discovered that you are conducting business inside the city limits and you only have license for the police jurisdiction, you can be charged penalties and interest for failure to purchase the proper license.

When do I need to renew my business license?

All municipalities' business licenses are due January 1.

When are business licenses renewals consider to be late?

Business licenses purchased February 1st or after are considered late. A municipality may extend the delinquent date to February 16th, but this must be stated in their business license ordinance. All renewal applications mailed indicate a delinquent date.

How much are my penalties for filing a late business license renewal?

All municipalities have the same penalty rate of 15% penalty due February 1st or February 16th. All municipalities have the same interest rate of 1% each 30 days or portion thereof, with the exception of the City of Vestavia Hills, which is based on state guidelines, then 30 days out if the business license is still not paid an additional 15% penalty is due plus interest per month thereafter until paid in full.

How much will my business license cost?

Each municipality's business license fees are different. You must refer to that municipality's fee schedule in order to determine the amount of your license. You can view a full fee schedule on our website at www.revds.com. Some municipality's fees are flat fees, and some are based on gross receipts.

Will I have to purchase more than one type of license?

It is possible that you will be required to purchase more than one license. It will depend on the business that you are conducting, and the 10% rule will then need to be applied. Some municipalities did increase the percentage to 35%, but it must be stated as so in their ordinance.

Do I have to report my gross receipts?

If the municipality's business license fees are based on gross receipts, then yes, you do have to report your gross receipts. Your license will not be issued until the gross receipts have been received in order to determine whether or not you have paid the correct amount.

How do I determine the gross receipts to report?

If the business is **physically located** in the incorporated city limits or police jurisdiction, the business must report **ALL** gross receipts for the business conducted in the State of Alabama. They can deduct out-of-state sales. If the business is a service based business and **not physically located** in the incorporated city limits or police jurisdiction then they must report the gross receipts for that jurisdiction only. Example (Business based in Oneonta, doing business in Warrior. They must report all gross receipts for business done in Warrior to Warrior to obtain that license.)

Do I have to provide board certification/permits?

Certain license types do require board certification/permits. Those licenses will not be issued until the certification/permit has been received. You may view a list of those types of businesses on our website at www.revds.com. (Taxpayer → Alabama → Taxpayer Forms → Keyword Search: Certification) This list is not all inclusive; if you have a question as to whether or not a license requires board certification, please contact our business license department and we will be happy to assist you. Our telephone number is 800-556-7274. You may also contact the business license department via email at bizlicensesupport@revds.com.

If I just purchased a license July 1st or after, do I need to renew my license?

Yes, these licenses will expire December 31st and must be renewed if you are continuing to conduct business in the municipality. Licenses purchased July 1st and after are pro-rated.