

ALABAMA DEPARTMENT OF REVENUE  
**Quick Preparation Reference for**  
**TY2015 Alabama Business Privilege Tax Forms**  
(Form CPT and Form PPT)

See our Web site at [www.revenue.alabama.gov](http://www.revenue.alabama.gov) for additional information

**BUSINESS PRIVILEGE TAX EXTENSION REQUEST**

According to Rule 810-2-8-.06 any taxpayer required to file a business privilege tax return will be granted an automatic six month extension of time for filing the return. However, payment of the total tax due must be received on or before the original due date of the return. Form BPT-V must accompany all business privilege tax payments, unless payments are made electronically. Please see Rule 810-2-8-.06 on the Department's Web site ([www.revenue.alabama.gov](http://www.revenue.alabama.gov)) for more information regarding the extension of time for filing of business privilege tax returns.

**Business Privilege Tax Forms to File:**

**Form PPT.** S-corporations, limited liability entities, and disregarded entities must file Form PPT, Alabama Business Privilege Tax Return and Annual Report for Pass-Through Entities.

**Form CPT.** C-corporations, limited liability entities taxed as corporations, REITs, insurance companies, financial institution group members, and business trusts, must file Form CPT, Alabama Business Privilege Tax Return and Annual Report for C-corporations and Other Specified Tax Entities.

**Business Privilege Tax Return Due Dates:**

1. Calendar year C-corporation returns (Form CPT) are due on March 16, 2015.
2. Calendar year S-corporation returns (Form PPT) are due on March 16, 2015.
3. Calendar year limited liability entity returns (Form PPT) are due on April 15, 2015.
4. Returns for fiscal year corporations are due no later than two and a half months after the beginning of the taxpayer's taxable year.
5. Returns for limited liability entities are due no later than three and a half months after the taxpayer's taxable year.
6. Returns for disregarded entities are due no later than the time its owner is required to file.

**FEIN to Use for Completing Business Privilege Tax Returns:**

The taxpayer's federal employer identification number (FEIN) is required to complete Form CPT and Form PPT. Enter "applied for" if an FEIN will be assigned to the taxpayer. Check the box (FEIN Not Required) if an FEIN will not be assigned to the taxpayer and enter the BPT (Business Privilege Tax) account number on Form PPT or CPT, Line 3d or Form BPT-IN, Line 3c. **Single member limited liability companies should not use their owner's FEIN or Social Security Number.**

**Address to Use for Mailing Completed Returns:**

If you are not making a payment, mail you return to:

**Alabama Department of Revenue**  
**Business Privilege Tax Section**  
**PO Box 327431**  
**Montgomery, AL 36132-7431**

If you are making a payment, mail your return, Form BPT-V, and payment to:

**Alabama Department of Revenue**  
**Business Privilege Tax Section**  
**PO Box 327320**  
**Montgomery, AL 36132-7320**

**Business Privilege Tax Computation:**

According to Section 40-14A-22, *Code of Alabama 1975*, the Alabama business privilege tax is computed by multiplying the taxpayer's net worth in Alabama (the Taxable Alabama Net Worth) by the business privilege tax rate applicable to the taxpayer.

Page 2 of Form CPT and Form PPT is used to compute the taxpayer's Taxable Alabama Net Worth. Please refer to the detailed preparation instructions on our Web site for documentation requirements.

The business privilege tax rate is computed by (1) determining the taxpayer's federal taxable income, before the net operating loss deduction and any special deductions; (2) allocating and apportioning that amount to Alabama; and (3) using the following schedule.

If the resulting Taxable Income of the Taxpayer is:

At Least:	But Less Than:	Amount of Tax Per \$1,000 of Taxable Alabama Net Worth	Tax Rate
	\$1	\$ .25 per thousand	.00025
\$1	\$200,000	\$1.00 per thousand	.00100
\$200,000	\$500,000	\$1.25 per thousand	.00125
\$500,000	\$2,500,000	\$1.50 per thousand	.00150
\$2,500,000		\$1.75 per thousand	.00175

Alabama business privilege tax law requires that a minimum business privilege tax be paid. The law also establishes a maximum amount for the tax liability.

**Minimum Business Privilege Tax Amounts:**

Generally, the minimum business privilege tax amount is \$100, even for a taxpayer's short year. The minimum amount for Financial Institution Groups is stated in Section 40-14A-22, *Code of Alabama 1975*.

**Maximum Business Privilege Tax Amounts:**

- \$3,000,000 Financial Institution Groups and insurance companies subject to the Alabama Insurance Premium Tax.
- \$15,000 C-corporations, S-corporations, regulated utilities, real estate investment trusts (REITs), limited liability entities, business trusts, disregarded entities, and insurance companies not subject to Alabama Insurance Premium Tax.
- \$500 Electing family limited liability entity.

**Other Business Privilege Tax Schedules/Forms:**

**Schedule AL-CAR, Secretary of State Corporation Annual Report**, is required for corporations filing a Form CPT and for S-corporations filing a Form PPT. Limited liability entities and disregarded entities are not required to attach a Schedule AL-CAR. The Schedule AL-CAR is not required for an initial business privilege tax return.

**Form BPT-IN, Initial Privilege Tax Return**, is required for the initial return filed by a taxpayer. Newly organized taxpayers must file an initial return within two and one-half months after organization. Taxpayers qualifying with the Alabama Secretary of State to do business in Alabama must file an initial return within two and one-half months after qualification. Please refer to our Web site for additional information concerning initial Business Privilege Tax returns.

**Disregarded Entities:**

If the single-member owner of the disregarded entity is not subject to the Alabama business privilege tax, the disregarded entity must prepare a Form PPT and pay the tax shown due on the form.

If the single-member owner of the disregarded entity is subject to the Ala-

bama business privilege tax, the disregarded entity must prepare a Form PPT, but must pay only the minimum tax.

### **Electing Family Limited Liability Entities:**

Electing family limited liability entities have a maximum business privilege tax of \$500. The **Schedule BPT-E, Family Limited Liability Election Schedule**, must be properly completed and attached to the taxpayer's Form PPT on or before the due date, including extensions, of the return in order to make the election. Failure to attach Schedule BPT-E and sign Page 1 of Form PPT or Form BPT-IN will result in the disallowance of the election. A disregarded entity does not qualify as an electing family limited liability entity, in accordance with Section 40-14A-1(h), **Code of Alabama 1975**. Additional information concerning electing family limited liability entities can be found on our Web site.

### **Required Attachments for the Business Privilege Tax Return:**

- A copy of pages 1 through 4 of the federal tax Form 1120S, pages 1 through 5 of the federal tax Form 1120, or pages 1 through 5 of the federal tax Form 1065.
- Multistate taxpayers (those doing business in Alabama and outside the State of Alabama) must attach a copy of the Alabama apportionment schedule (from Form 20C, from Form 20S, from Form 65, or from Form ET-1).
- Attach documentation to thoroughly support any exclusion or deduction claimed in the computation of the taxpayer's Taxable Alabama Net Worth – see page 2 of the Form CPT or Form PPT.
- Attach a copy of the balance sheet used to compute the taxpayer's net worth, if not provided with the copy of the federal tax return.
- Insurance companies must attach pages 1 through 8 of the federal return, Annual Statement of Liabilities, Surplus and Other Funds, and Schedule T as reported in the annual statements.