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Commissioner

# State of Alabama Department of Revenue

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April 13, 2018

## **NOTICE**

TO: Municipal License Officers  
Alabama League of Municipalities

SUBJECT: Municipal Business Licenses

The purpose of this notice is to inform you of upcoming requirements regarding municipal business licenses. Per Section 40-23-262, Code of Alabama 1975, effective October 1, 2019 the information on all municipal business privilege license applications for new licenses and renewals issued on or after **October 1, 2019**, is required to be **electronically transmitted to the department** by the licensing official or agent in the same manner as state/county business privilege licenses issued pursuant to Title 40, Chapter 12.

Currently, all state/county business privilege license information is uploaded online via a secure server using the data specifications provided to the county licensing officials which standardized the field lengths and the field types. The same type mechanism will be utilized to gather the municipal business license information whereby you will be required to upload a detailed report each month. This report will include for example, names, addresses, type license, license amounts, etc. You will be provided with additional information regarding the exact requirements at a later date.

Act 2018-411 was signed into law and became effective on March 28, 2018. This Act provides that a business license is not required for a person traveling through a municipality on business if the person is not operating a branch office as provided in Section 11-51-90, or doing business in the municipality.

As a reminder, per Section 11-51-194(a)(2), notwithstanding any other provision of law, a municipality may charge a taxpayer an issuance fee for a business delivery license **not to exceed \$10**. Therefore, the **five year adjustments** to the business license issuance fees **do not apply** to the issuance fee for the delivery licenses. Also, please note per Section 11-51-194(c), a taxpayer is not required to purchase a delivery license or a regular business license if the following criteria apply: gross receipts that are derived from within the municipality or its police jurisdiction do not exceed \$10,000 during the year and the taxpayer has no other physical presence within the municipality or its police jurisdiction during the year.

Questions regarding this notice may be directed to:

Business & License Tax Division  
Severance & License Section  
P. O. Box 327550  
Montgomery, AL 36132-7550  
(334) 353-7827