

ALABAMA  
DEPARTMENT OF  
**REVENUE**

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

*Operating a Business in Alabama:  
Business Personal Property Tax*

# Business Personal Property

## Property Tax Division



# Purpose of this Webinar:

To inform Alabama taxpayers of the requirements and guidelines for reporting taxable personal property in the state.

This presentation will cover:

- What is taxable personal property
- How and when it is to be reported
- How property tax is calculated

# What is Property (Ad Valorem) Tax?

- Ad Valorem [Latin] - According to the value of
- Tax levied according to the value of the property being taxed
- Property tax is assessed and collected at the county level in Alabama

# What Property Owned by a Business is Taxable?

- Real Property
- Motor Vehicles
- Personal Property



# What is Personal Property?

- Property not permanently affixed to, or part of, the real property
- Examples - furniture, computers and/or equipment
- Everything that is **NOT** real estate is personal property

# Who is Required to Report Personal Property?

- Every individual, firm, or corporation owning business personal property located in Alabama on October 1;
- Every owner of an aircraft based in Alabama; and
- Every holder of a permanent trailer tag issued by the State of Alabama.

# When Should Personal Property Be Reported?

- Between October 1 (lien date) and December 31
- Late returns incur a penalty and fee



# Business Personal Property

- Class II property assessed at 20% of market value
- Property tax is billed one year in arrears on October 1 and due no later than December 31
- Property located in Alabama on October 1 is taxable, unless specifically exempted

# How Do I Obtain a Business Personal Property Return Form?

- Form mailed from the local county office each year
- Local county assessing official's office
- Download the form (ADV-40) from [www.revenue.alabama.gov](http://www.revenue.alabama.gov).





## Online Filing

Available to taxpayers each year from  
October 1 to January 31

[OPPAL.alabama.gov](http://OPPAL.alabama.gov)



Optional Personal Property  
Assessment Link

**Filing business personal property returns  
is now easier than ever.**

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To file a return in [AUTAUGA](#), [ELMORE](#), [JEFFERSON](#), [LIMESTONE](#), [MOBILE](#), [MONTGOMERY](#), [MORGAN](#) or [SHELBY](#), please [CLICK HERE](#). To file in all other counties in Alabama, please [REGISTER HERE](#)

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The logo for "Be ADOR's B.E.S.T." features a red circle with a white star and a blue circle with a white star, followed by the text "Be ADOR's B.E.S.T." in a blue, serif font.

# What Should Be Included in the Itemized Listing?

- Description of the Property
- Acquisition Date of the Property
- Acquisition Cost of the Property



<u>Type of Property</u>	<u>Date Acquired</u>	<u>Acquisition Cost</u>
10 Dell Computers	05/23/2012	\$10,000
4 Dell Computers	02/12/2015	\$ 5,200

# How Is My Property Tax Calculated?

Example: Assume you have a business with a total asset market value of \$10,000 located in a city with a combined millage rate of 34.5 mills\*, the taxes would be:

## ASSESSED VALUE CALCULATION

<u>Property Market Value</u>		<u>Assessment Ratio</u>		<u>Assessed Value</u>
\$10,000	X	20%	=	\$2,000

## PROPERTY TAX CALCULATION

<u>Property Assessed Value</u>		<u>Millage Rate (as a decimal)</u>		<u>Property Taxes</u>
\$2,000	X	0.0345	=	\$69

*\*Millage rates vary, depending on location. Millage rates are listed on the ADOR website, or call your local county assessing official.*

# Home Businesses

All personal property used in a home-based business, even if the same property is used personally by the homeowner.

Examples:

- A refrigerator is used for your in-home daycare. It is taxable and should be reported on your return at 100% of acquisition cost.
- Computers may be for personal and business use. They are taxable and should be reported at 100% of the acquisition cost.

# Supplies

- Stocks of goods intended to be consumed during the normal course of business. **Not** raw materials, goods in process, or inventory held for sale.
- Report either cost of supplies on hand as of October 1, or one month's average cost.
- Examples:
  - ▶ Paper used to wrap sandwiches sold by a restaurant
  - ▶ Oil used to lubricate machinery in a plant
  - ▶ Cleaning supplies used by a janitorial firm



## *Don't forget...*

- Property taxed at market value as of October 1, each year
- Business Personal Property reported to local county assessing official's office (Form ADV-40) or through official websites
- All property subject to tax in Alabama must be reported annually

# *Questions?*

Please use the Q&A feature in Webex to ask the presenter questions.

# *Thank you for being ADOR's B.E.S.T.!*

**This presentation can be found under the “B.E.S.T. Resources” tab  
on our webpage at**

**<https://revenue.alabama.gov/taxpayer-advocacy/b-e-s-t-seminars/>**

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

**<https://revenue.alabama.gov/taxpayer-advocacy/b-e-s-t-seminars/watch-modules-online/>**