



Alabama

Tax Benefits and Incentives for Convenience Services Operators



This state-by-state guide highlights a range of tax credits and incentive programs specifically relevant to the convenience services industry, offering operators clear application instructions and links to find further information. While this report emphasizes programs tailored to the convenience services industry, you know your business and its unique needs.

Opportunities for Convenience Services Operators

Alabama Small Business and Agribusiness Jobs Act Credit

ALABAMA DEPARTMENT OF REVENUE

The Act provides a one-time income tax credit to qualifying small businesses that create new jobs paying more than \$40,000 annually.

Eligibility Requirements

To be eligible for the credit:

1. The new employee must be hired after July 25, 2016, and only applies to tax years beginning on or after January 1, 2016.
2. The total number of full-time employees residing in Alabama on the last date of each tax year during which employees are hired must be greater than the number of employees in Alabama on July 25, 2016, less any employees for which a credit has been previously claimed.
3. The number of qualifying new employees cannot exceed the number of employees at the end of the year minus the number of employees at the beginning of the tax year.

Application Information

An employer that qualifies for the Alabama Small Business and Agribusiness Jobs Act Credit, must have an active My Alabama Tax (MAT) account, and must complete the precertification process that is required through MAT before the Alabama Small Business and Agribusiness Jobs Act Credit can be claimed as an offset to tax on an Alabama income or excise tax return.

Full Employment Act Of 2011

ALABAMA DEPARTMENT OF REVENUE

The Full Employment Act of 2011 offers a one-time tax credit of \$1,000 for each new job created by small businesses located in Alabama.

Eligibility Requirements

A small business is defined as a business that employs 50 or fewer employees as of June 9, 2011.

To be eligible for the credit:

1. The new employee must be hired after June 9, 2011.

2. The wages for the new job must be more than \$10 per hour.
3. The total number of full-time employees in Alabama on the last day of each tax year during which employees are hired must exceed the number of employees in Alabama as of the last day of the tax year immediately preceding the first employment year.

Additional provisions:

1. The credit is not refundable or transferrable but is available to owners of pass-through entities on a pro rata basis.
2. This credit is not available to employers who claim the credit provided under the Alabama Small Business and Agribusiness Jobs Act Credit. However, both credits can be claimed by the same employer as long as both credits are not taken for the same employee.
3. The credit is allowed for income tax and for financial institution's excise tax.

Application Information

An employer that qualifies for the Full Employment Act of 2011 Credit, must have an active My Alabama Tax (MAT) account, and must complete the precertification process that is required through MAT before the Full Employment Act of 2011 Credit can be claimed as an offset to tax on an Alabama income or excise tax return.

[Additional information available from the Alabama Department of Revenue.](#)

Inventory Tax Exemption

ALABAMA DEPARTMENT OF REVENUE

Alabama does not levy a property tax on inventory of goods, wares and merchandise that is offered for sale.

Eligibility Requirements

Contact the Alabama Department of Revenue for details.

Alabama Department of Revenue

Property Tax

P.O. Box 327001

Montgomery, AL 36132

Phone: (334) 242-1525

Fax: (334) 242-0145

[Additional information available from the Alabama Department of Revenue.](#)

Municipal Business License Abatement

ALABAMA DEPARTMENT OF REVENUE

The Municipal Business License Abatement allows municipalities to let businesses abate all or a portion of business license taxes for up to three years.

Eligibility Requirements

The business or taxpayer complies with the abatement of sales or use taxes.

Application Information

Contact the Alabama Department of Revenue for more details.

Alabama Department of Revenue

50 North Ripley Street

Montgomery, AL 36104

Phone: 334-242-1175

[Additional information available from the Alabama Department of Revenue.](#)

Veterans Employer Act Business Start-Up Expense Credit

ALABAMA DEPARTMENT OF REVENUE

This program incentivizes recently deployed unemployed veterans to start their own businesses.

Eligibility Requirements

The credit is only applicable to business started after April 2, 2012, that is located within Alabama and that shows a net profit of at least \$3,000 in the year in which the credit is taken.

Application Information

A business that qualifies for the Veterans Employment Act Business Start-up Expense Credit must have an active My Alabama Tax (MAT) account and must complete the precertification process that is required through MAT before the Veterans Employment Act Business Start-up Expense Credit can be claimed as an offset to tax on an income tax return.

[Additional information available from the Alabama Department of Revenue.](#)

Veterans Employment Act Employer Credit

ALABAMA DEPARTMENT OF REVENUE

Veterans Employment Act (previously known as the Heroes for Hire" tax credit) provides a tax credit to qualifying businesses for each unemployed or combat veteran hired for a full-time position paying at least \$14 per hour.

Eligibility Requirements

The credit applies to individual and corporate income taxes or the state portion of the financial institution excise tax. The additional credit shall be available in the tax year during which the employee has completed twelve months of consecutive employment. A combat veteran is defined as a member of the Armed Forces of the United States who served in a United States Department of Defense designated combat zone and was a resident of the State of Alabama at the time of his or her service.

Application Information

A business that qualifies for the Veterans Employment Act Employer Credit must have an active My Alabama Tax (MAT) account and must complete the precertification process that is required through MAT before the Veterans Employment Act Employer Credit can be claimed as an offset to tax on an income or excise tax return.

[Additional information available from the Alabama Department of Revenue.](#)

Other Credits, Incentives and Government Programs

2017 Alabama Historic Rehabilitation Tax Credit

Alabama Historic Commission

The 2017 Alabama Historic Rehabilitation Tax Credit provides for a refundable income tax credit against the tax liability of the taxpayer for the rehabilitation, preservation, and development of historic structures.

Alabama Industrial Access Road And Bridge Program

Alabama Department of Transportation

This program provides financial assistance to communities for industrial access to new and expanding industries.

Alabama Jobs Act

Alabama Department of Commerce

Provide for incentives to qualifying projects to stimulate job creation and capital investment through the Jobs Credit and Investment Credit.

Alabama Research And Development Enhancement Fund (Ardef) Program

Alabama Department of Economic and Community Affairs

A grant for Alabama Research Entities to conduct research and development activities within the state of Alabama.

Apprenticeship Credit

Alabama Office of Apprenticeship

The Alabama Industry Recognized and Registered Apprenticeship Program offers a tax credit to companies that hire qualified apprentices who receive classroom or industry-specific instruction and on-the-job training.

Basic Skills Education Credit

Alabama Department of Revenue

This credit is available to resident and nonresident employers who provide basic skills education programs approved by the Alabama Department of Education to employees.

Brownfield Development Tax Abatements

Alabama Department of Revenue

The Brownfield Development Tax Abatement Act gives cities and counties the ability to abate non-educational county and city sales and use taxes and non-educational state, county, and city property taxes up to 20 years, in re-development areas.

Business Privilege Tax Deduction

Alabama Department of Revenue

An entity can deduct from their Alabama net worth the net amount invested by the taxpayer on aircraft operations

used by an air carrier with a hub operation within this state, for commerce for transporting people or property by air as well as pollution control equipment.

Certified Capital Company Program

Alabama Department of Commerce

The Alabama Certified Capital Company program, commonly referred to as CAPCO, is bringing new investments, jobs and opportunity to small businesses and communities across the state. CAPCO financing, an alternative to conventional bank financing, can accommodate a slightly higher risk profile and provide a more flexible structure for growing businesses.

Coal Tax Credit

Alabama Department of Revenue

Every corporation that is doing business in Alabama, as a producer of coal mined in Alabama, shall be allowed a tax credit in the amount of \$1 per ton of increased production of coal over the previous years production of coal.

Economic Development Revolving Loan Funds

Alabama Department of Economic and Community Affairs

The Economic Development Revolving Loan Funds Program is used to work with commercial lenders for projects in non-entitlement communities. Fixed rate financing, at below market rates, is directly available through twelve Alabama Regional Councils.

Enterprise Zone Program

Alabama Department of Economic and Community Affairs

The Alabama Enterprise Zone Act provides certain tax incentives to corporations, partnerships and proprietorships that locate or expand within designated Enterprise Zones. In addition to state-level tax incentives, businesses may also receive local tax and non-tax incentives for locating or expanding within a designated Enterprise Zone.

Entertainment Industry Incentives

Alabama Film Office

A qualified production company shall be entitled to a 25 percent rebate of all state certified expenditures and 35 percent of all payroll paid to residents of Alabama for the state certified production.

Growing Alabama Credit

Alabama Department of Commerce

The program provides for a tax credit to Alabama income taxpayers who make contributions to Economic Development Organizations (EDO) for approved qualifying projects.

Industrial Development Grant Program

Alabama Industrial Development Authority

The State Industrial Development Authority is authorized to sell bonds to make grants to pay for site preparation for land owned or possessed by lease.

Industrial Development Training Program

Alabama Industrial Development Training Institute

AIDT, an independent agency under the supervision and oversight of the Secretary of Commerce, encourages economic development through job-specific training. Training services are offered in many areas, at no cost, to new and expanding businesses throughout the State.

Investment Credit

Alabama Department of Revenue

The Investment Credit program provides credit to qualifying businesses for approved projects that create new jobs in Alabama. The projects are approved by the Department of Commerce in consultation with the Governor.

New Markets Tax Credit

Alabama Department of Revenue

A tax credit for state income tax, financial institution excise, and insurance premium tax for investors in community development entities which provide funding to businesses that are located in qualified low-income or impoverished communities, especially central business districts. It serves as an alternative to conventional capital sources.

Opportunity Zone Investment Incentives

Alabama Department of Economic and Community Affairs

The Alabama Incentives and Modernization Act provides Alabama taxpayers the same tax benefits available under federal law when they invest in an approved opportunity fund for qualified projects in low income areas in Alabama that are designated as Opportunity Zones.

Port Credit

Alabama Department of Commerce

The port credit provides for a discretionary income tax credit for businesses that utilize Alabama's port facilities.

Property Tax And Sales Tax Abatements

Alabama Department of Revenue

Businesses can apply to cities, counties, and public industrial authorities to abate property and sales tax associated with constructing and equipping a qualifying project.

Qualified Irrigation System/Reservoir System Tax Credit

Alabama Department of Revenue

This program provides an income tax credit to any agricultural trade or business for the cost associated with the purchase, installation or conversion related to irrigation systems or the development of irrigation reservoirs and water wells.

Rail Credit

Alabama Department of Commerce

The program provides for a refundable tax credit equal to 50 percent of an eligible taxpayer's qualified railroad rehabilitation expenditures.

Sales And Use Tax Incentives

Alabama Department of Revenue

Alabama has three state rate differentials for their Sales and Use Tax and an exemption of Sales and Use Taxes for abatements, exemptions for specific items, and certain exemptions and credits for qualifying industries.