

NOT-FOR-PROFIT INDUSTRY

Sales and Use Tax

- Alabama sales/use tax on purchases
- Alabama not-for-profit statutorily exempt entities must obtain a certificate of exemption annually
- Alabama reporting requirements - Every four (4) years with the Alabama Department of Revenue
 - Detail tax exempt purchases by tax type (general sales tax rate, automobile, and Manufacturing Machinery/Farming Machinery)

Business Licenses

- Non-exempt purpose activities requirement

Income Tax

- AL Form 20C for UBIT

Other

- Specific Alabama exemptions to consider:
 - Credit Unions – Ad Valorem taxes, Business Licenses, Sales/Use tax
 - Churches – Religious magazines and publications – Sales/Use tax

FILM PRODUCTION INDUSTRY

Sales and Use Tax

- Specific sales and use tax exemptions

Business Licenses

- Business license or other special state/local licensing considerations

Income Tax

- State credits, rebates (production and payroll) and incentives

Sales and Use/Income/ Ad Valorem

- Mobile equipment - movement/use between states

SALT SHAKERS

STATE & LOCAL TAX Checklist

A SALT opportunity may exist if one or more boxes are checked.

GENERAL

- Remote Seller (Wayfair) Sales Tax
- Affiliated member of a group of companies
- Significant sales for resale, to exempt parties, to manufacturers, or other tax exempt sales
- Sells services or products that are not tangible personal property
- Recently or almost fully utilized state net operating losses
- Nexus Study – Analysis of filing obligations
- Under state exam or have received an assessment
- Unclaimed Property, e.g. uncashed payroll, commission, or payable/vendor checks/credits; gift certificates/gift cards; layaways, deposits, refunds or rebates. Reduce penalties through voluntary disclosures.
- \$100,000+ paid in Franchise, Capital, or Gross Receipts taxes for overall state tax review
- Has revenue from states where company does not file tax returns
- Filing all applicable business licenses
- Filing use tax returns on purchases for which sales tax was due but not collected
- Use of contractors to perform services on behalf of taxpayer
- Mobile workforce (employees traveling to or working in various states)
- Sales solicitation outside resident state

CONSTRUCTION INDUSTRY

Sales and Use Tax

- Items withdrawn from inventory for fulfillment of contracts
- Sales/use tax paid on items consumed by taxpayer
- Direct pay permits
- Purchasing Agency Agreements

Business Licenses

- Business license or other special state/local licensing considerations

Income Tax

- Specific accounting methods required for some states (e.g., direct accounting)
- Sourcing of sales of services (e.g., market based sourcing, cost of performance)

Sales and Use/Income/Ad Valorem

- Mobile equipment - movement/use between states

MANUFACTURING INDUSTRY

Sales and Use Tax

- Sales tax generally not required on component (input) parts
- Special reduced Manufacturing Machinery sales tax rate (varies by state)
- Special manufacturing utility tax reduced rate or exemption (varies by state)
- Proper assessing of sales tax (sale to retailer vs. end consumer)

Ad Valorem Taxes

- Inclusion/exclusion of inventory for ad valorem reporting purposes (varies by state)

Business Licenses

- Business license requirements (e.g., manufacturing, retail, delivery)

Income Tax

- Sales Apportionment factor – Throw-back/Throw-out rules

Other

- Other state specific manufacturing incentives – credits, exemptions, DPAD, R&D Tax Credit

RETAIL INDUSTRY

Sales and Use Tax

- Dual Status taxpayer – Retailer/Contractor (Furnish and Install contracts)
- Sales tax returns
- E-Commerce/Internet Sales
- Invoicing – Sales taxability of labor, freight, shipping and handling

Ad Valorem Taxes

- Inclusion/exclusion of inventory for ad valorem reporting purposes (varies by state)

Business Licenses

- Business license requirements (e.g., retail, delivery)

Income Tax

- Sales Apportionment factor – Sourcing of tangible property sales

Unclaimed Property

- Gift cards

PROFESSIONAL SERVICES

Sales and Use Tax

- Services being performed that are NOT exempt from sales tax (varies by state)

Business Licenses

- Business license or other special professional state/local licensing considerations

Income Tax

- Sourcing of sales of services (e.g., market based sourcing, cost of performance)

Sales and Use/Income/Ad Valorem

- Mobile equipment - movement/use between states

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