

Shoals Economic Development Authority

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Taxes

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Real Property Tax

Industrial real and personal property is assessed as Class II property, which has a basis rate of 20% of fair market value. The state rate is 6.5 mills (\$6.50 for every \$1,000 of assessed value). Local governments also levy a real property tax in addition to the state's tax. The real property tax rates in The Shoals, which include the state rate of 6.5 mills, vary from 27 mills (\$27.00 for every \$1,000 of assessed value) to 49 mills (\$49.00 for every \$1,000 of assessed value). Non-educational related ad valorem tax abatements are available to qualified companies meeting law requirements.

Machinery and Tools Tax

Both machinery and tools are considered to be personal property and are rated as Class II with a 20% basis. Non-educational tax abatements are available to qualified companies. Millage (ad valorem) rates are the same as real property rates.

[Alabama Department of Revenue Property Tax Division](#)

[Classes of Property](#)

[County Millage Rates](#)

[Lauderdale County Revenue Commissioner's Office](#)

[Colbert County Revenue Commissioner's Office](#)

[Alabama Department of Revenue Property Tax Abatements](#)

Sales & Use Tax

Alabama's sales and use tax statutes contain many items which give Alabama a definite advantage over other states. These statutes allow exemptions for specific organizations and commodities such as gasoline, fertilizer, wholesale sales, and sales to governmental entities (see Section 40-23-et al, Code of Alabama 1975).

Combined state and local sales tax rates in The Shoals range from 5.5% to 9% depending on the community. Combined sales tax on machinery averages approximately 2%.

[Alabama Department of Revenue Sales and Use Tax Division](#)

Sales and Use Tax Rates

[State](#)

[Colbert County](#)

[Cities and Towns within Colbert County](#)

[Lauderdale County](#)

[Cities and Towns within Lauderdale County](#)

Inventory Tax

There is no property tax on raw materials or finished product inventory held for resale in the State of Alabama.

See Sections 40-23-1(a)(9)b; 40-23-60(4)b; 40-9-1(23); 40-9-1(13); and, 40-9-1(14) of the [Code of Alabama 1975](#).

Business Privilege Tax

The business privilege tax is a tax on net worth, in Alabama, of corporations, limited liability entities, and disregarded entities. The rate is based on the ability to pay and is determined by the entity's federal taxable income in Alabama. The rate ranges from \$0.25 to \$1.75 for each \$1,000 of net worth in Alabama.

The minimum privilege tax is \$100; the maximum privilege tax is \$15,000 per year, with the exception of financial institutions, financial institution groups, and insurance companies, which

have a maximum privilege tax liability of \$3 million. An electing family limited liability entity has a maximum of \$500 business privilege tax.

[Business Privilege Tax--Frequently Asked Questions](#)

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Corporate Income Tax

The corporate income tax rate is 6.5 percent, which compares favorably to corporate income tax rates throughout the nation. Corporations pay Alabama income tax based on their net taxable income derived from business conducted within the state. The amount of Alabama net income apportioned to Alabama is determined by applying an equally weighted three-factor formula of property, payroll, and sales to total net income.

There are constitutional restrictions that add to the stability of the Alabama corporate tax environment: low tax rates and a federal income tax deduction. Amendment 212 of the Constitution of Alabama allows the corporate taxpayer to deduct from its gross apportioned and allocated income the apportioned amount of federal income tax paid. Alabama is one of only a few states that allow a full deduction of all federal income taxes apportioned to that state. There are no local corporate income taxes.

[Corporate Income Tax -- Frequently Asked Questions](#)

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Personal Income Tax

The State of Alabama has a personal income tax that ranges from 2% to 5%. There are no local income taxes.

[Alabama Individual Income Tax -- Frequently Asked Questions](#)

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Unemployment Tax

State unemployment compensation tax is assessed on the first \$8,000 the employer pays on each employee. The rate varies according to the employer's unemployment experience modified by statewide experience. This can be as low as .20% or as high as 6.8%.

[Employer Information -- Questions and Answers](#)

[Field Tax Service Providers](#) (See Sheffield)

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General Summary of State Taxes

Download a [General Summary of State Taxes](#) in PDF format from the Alabama Department of Revenue website.