



SUMMER  
2017

## *Income Tax* Professional Athletes

Professional athletes have filing requirements not only in their home state, but potentially in every state and city in which they play. The method of allocation of income varies by state and even by sport. For example, New York allocates income based on "duty days" within New York versus outside of New York. "Duty days" are considered to be such things as all-tem work days, practices, games (including exhibition), training camp, etc. Pennsylvania taxes baseball, basketball and hockey players based on the pro-rata share of games, while football players are taxed on days worked. This is a complicated area that requires careful consideration. Please contact the BMSS SALT Services Group for additional information or to discuss your personal situation.

## *Sales/Use Tax*

### Business and Individuals

For businesses and individuals, use tax is imposed on tangible personal property brought into Alabama for storage, use, or consumption when sales tax was not paid at the time of purchase. For businesses, use tax must be reported and remitted monthly. A taxpayer can elect to file use tax returns on a quarterly basis if the monthly average use tax is \$200 per month or less the prior calendar year. See [Sales Tax FAQs](#) for additional business use tax information. For individual taxpayers, use tax is reported and paid on your annual Alabama Form 40, Individual Income Tax Return. Items that may be subject to use tax include internet or telephone purchases, with no sales tax paid at the time of purchase and purchases made out of state. [Consumer Use Tax](#) provides information on individual use tax and details on how to compute your use tax liability.

## *Ad Valorem Tax*

### Personal Property

As you receive your county personal property and real estate tax assessment notices, please review the market valuation for reasonableness. A good way to check this is to look at your cost basis from your fixed asset report compared to the fair market value total on the notice. The older the overall life of your assets, the lower the fair market value should be as compared to the cost basis. If you feel that the assessed value is overstated, please consult your assessment notice for information on how to appeal the assessment, or contact the BMSS SALT Services Group for assistance.

## *Apprenticeship Tax Credit Act of 2016*

### Are You Experiencing a Shortage of Skilled Workers?

Act 2016-314 (SB90), sponsored by Senator Arthur Orr, was initiated to provide an income tax credit for employers who train qualified apprentices for at least seven (7) months during the prior taxable year. The apprentices must be at least 16 years of age and enter into a written apprenticeship agreement with their program sponsor. The total amount of tax credits distributed cannot exceed \$3 million for the first two years and \$5 million for each tax year thereafter over the life of the tax credit act which begins on or after January 1, 2017 and is effective through the 2021 tax year unless extended by an act of Legislature. See [Apprenticeship Tax Credit Act](#) for a copy of the Act.

## *Contractor Licenses*

### Subcontractor

In Alabama, subcontractors performing minimum contracts of \$50,000, (including labor and materials) under a licensed prime contractor must also be licensed. If such a contract is

awarded to an unlicensed prime contractor or if an unlicensed subcontractor is allowed to work on the contract, then the awarding authority, prime contractor or subcontractor is in violation of the licensing rule and subject to penalties.

## *Business Licenses*

For business license purposes, Gross Receipts include "any and all receipts of a business from whatever source derived, to the maximum extent permitted by applicable laws and constitutional provisions..." There are specific exclusions from Gross Receipts, such as taxes collected but imposed on the ultimate consumer (for example, sales tax). The rules and definitions vary by location, so please consult the specific rules of each jurisdiction in which you are conducting business.

## *Unclaimed Property*

As with many states, there is no statute of limitations on unclaimed property in Alabama. If records are not available, some states are extrapolating numbers back to 1981 to estimate Unclaimed Property held by a business. Unclaimed Property goes first to the state of the last known address of the owner. If not known, it goes to the state of domicile of the holder. The period for determining Unclaimed Property is July 1st through June 30th, with the filing due date for the majority of Unclaimed Property reports being November 1st.

**Now is the time to start looking through your outstanding checks, A/R credits, non-redeemed refunds, etc. to resolve any potential unclaimed property prior to June 30th.**

## Contact

### **BMSS SALT Services Group**

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For more information on any of the SALT Tips or other state and local tax needs, please contact the BMSS SALT Services Group.

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