

FINANCE DEPARTMENT TAX ADMINISTRATION DIVISION

Important Tax Notice

Businesses and individuals who have transactions in Huntsville are responsible for reporting certain information and paying applicable taxes directly to the City. **As a City business licensee, you are responsible for knowing which taxes apply to you and your responsibilities concerning them.**

Finance Department Contact Information:

Mailing Address:	P.O. Box 308 Huntsville, AL 35804
Location Address:	308 Fountain Circle Huntsville, AL 35801
Phone:	(256) 427-5070 (256) 427-5068 (256) 427-5061
Fax:	(256) 427-5064

TAX OVERVIEW

The information in this section is intended to address common problem areas for most taxpayers and is not intended to be an all inclusive document concerning tax law. Please be aware that tax rates and other information can be changed per State and City law.

Sales Tax is imposed on the retail sale of tangible personal property in Huntsville. Sales tax is collected by the seller from their customer and remitted directly to the City of Huntsville. All persons or businesses that sell tangible personal property at retail must collect tax and make payments to the City. **It is unlawful for the seller to keep any portion of sales tax collected from customers.**

In order to assist Huntsville businesses in determining whether their customers are located inside the city limits, please use the Huntsville [Address Locator](#), which can be accessed from the Finance Department website.

Consumer's Use Tax is imposed on the storage, use or consumption of tangible personal property, such as office supplies and equipment, in Huntsville at the same rate as Sales Tax. Consumer's Use Tax is due on all tangible items purchased at retail and brought into Huntsville. Generally, Use Tax is paid by the purchaser when no city/local tax is charged on items purchased from vendors outside Huntsville.

Common examples of businesses that are likely required to pay City use tax are: *health care and dental professionals, attorneys, accountants, engineers, construction contractors and government contractors.*

Unlike Consumer's Use Tax, *Seller's Use Tax* is paid by the Seller who has established nexus (physical presence) in Huntsville, but does not have a place of business in Huntsville. Nexus can be a complex issue, please contact City representatives or your business advisors for further information.

Exempt Sales – With the exception of tax exemptions provided for by State law, the seller must maintain appropriate documentation to support any exemption. **The burden of proof that a sale is exempt is upon the person making the sale.**

Rental Tax is levied on businesses engaged in renting tangible personal property. Rental tax should be remitted by the lessor on the gross receipt of rental transactions, including rental tax invoiced.

Lodgings Tax is imposed on all persons who operate any hotel, motel, rooming house, lodge or other place where accommodations are made available to travelers, tourists or transients. Charges for rooms, lodgings or accommodations provided for a period of 180 *consecutive* days or more in the same place are exempt from Huntsville tax.

IMPORTANT ISSUES

The information in this section is intended to provide taxpayers with important information relevant to daily business activities.

1. Online Filing

The City provides online filing as a service to taxpayers. Currently, online filing for Sales/Use Tax, Rental Tax and Lodging Tax is available at no cost to the taxpayer.

2. Business Records

Per City law, all businesses must keep an accurate and complete set of records, books, invoices, and other information sufficient to allow the City to determine the correct amount of any tax, license, permit or fee administered by the City. It is recommended that businesses retain records for at least six (6) years.

3. Business Licensees

All City business licensees are encouraged to contact their advisors about all potential tax matters; however, business licensees should:

- Notify the Finance Department of the date sales tax collection begins.
- File a tax return at least annually. If you have questions about your filing requirements, contact the Finance Department.
- Notify the Finance Department of business information changes, including closure of the business.
- If a business is sold, it is the responsibility of the purchaser of the business (successor) to pay any outstanding tax liabilities incurred by the previous owner.
- Contact the state and counties in which you conduct business in order to determine if you should register to collect or remit their tax.

For additional information, please visit our website at www.hsvcity.com/tax.