



How to Start a Business in Alabama Checklist

1. Form your business.

1.1. Review Alabama formation options.

Review the different formation options offered in Alabama and pick the one that best suits your business.

1.2. Name your business.

Research your business name to determine availability and apply to reserve the name.

1.3. Get an Employer Identification Number.

Apply for an Employer Identification Number with the IRS.

1.4. Register your business in Alabama.

Obtain the necessary paperwork and file it with the Office of the Probate Judge in your county or with the Secretary of State, depending on your business structure.

1.5. Obtain necessary permits and licenses.

Apply for a privilege license from the state, issued by the Probate Judge or License Commissioner in the county where your business is located. Research what other licenses and permits your business needs to operate.

2. Register your business for taxes.

2.1. Register with the Alabama Department of Revenue.

Register with the Alabama Department of Revenue (ADOR). This can be done online through the My Alabama Tax (MAT) portal.

2.2. Register for sales and use tax.

If you have a retail business in Alabama, you must register for a sales tax license with the Alabama Department of Revenue (ADOR).

2.3. Register for rental or leasing tax.

If your business leases or rents tangible personal property, you must register for leasing tax. This tax is only due on "true" leases whereby the leased property remains the ownership of the lessor at the end of the lease agreement.

2.4. Register for withholding tax.

If your business has employees, you will need to register for state withholding tax. With a few exceptions, all wages earned in Alabama are subject to withholding tax.

3. Report employees to the state and get mandatory insurance.

3.1. Report new hires.

Employers must report new hires to the Alabama Department of Labor New-Hire Unit within seven days of employment.

3.2. Obtain mandatory insurance.

In Alabama, businesses with more than five employees are required by law to carry Workers' Compensation Insurance.

3.3. Display mandatory posters.

Employers must display certain posters, including Alabama Child Labor Law, Worker's Compensation Notice, and Your Job Insurance posters in the place of business where employees can clearly see them. Posters can be downloaded from the Alabama Department of Labor website.