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Arkansas, and Rhode Island.

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By Gail Cole.

Tax license requirements differ from state to state, particularly with respect to how frequently licenses need to be renewed. In some states, tax licenses may be good for as long as you own your business, provided your business doesn't substantially change. In other states, tax licenses must be renewed every year.

Alabama once fell under the former category: Tax licenses in Alabama didn't need to be renewed. However, from November 1, 2020, forward, most Alabama tax licenses must be renewed annually.

The annual license renewal requirement applies to the following tax types:

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by December 31.

How to renew a tax license in Alabama

To renew your Alabama tax license, you'll need to confirm you still operate the same business entity type for which the existing license was issued. If the business entity type changed since the last license was issued — for example, from a sole proprietorship to a corporation or LLC — you'll need to apply for a new license type and will receive a new license number.

Licenses must be renewed online through the My Alabama Taxes (MAT) portal. Once logged in to the online system, you'll be required to verify and/or update following information:

- Current legal name
- Owner/officer/member information
- Phone number(s)
- Social security number or /FEIN
- Location address(es), including d/b/a, for each location
 - Main address
 - Location address(es)

When do I need to renew my Alabama sales tax license?

Although sales tax licenses and the other tax licenses listed above are good through December 31 of each year, it's best not to wait until December 31 to renew them. Failure to renew a license by the start of a calendar year can result in automatic cancellation of that license.

According to the Alabama Department of Revenue, if the renewal process is completed before 4:00 p.m. CST on a business day, the new license will be available

the next business day. Thus, if a renewal is submitted before 4:00 p.m. on a Friday,

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Which states require annual renewal of tax licenses?

While sales tax permits and other tax licenses last the life of a business in many states, Alabama certainly isn't the only state to require renewal of tax licenses. Other states that require sales tax licenses to be renewed annually include Arizona, Arkansas, and Rhode Island.

By contrast, Connecticut sales and use tax permits expire every two years but are automatically renewed and mailed to businesses at no cost, so long as the business account is active and in good standing. And Pennsylvania sales and use tax licenses are renewed automatically every five years for businesses that are in good standing with the state.

Find more state-specific details in this state-by-state guide to sales tax permits.

What you need to look out for when renewing sales tax licenses

In states where sales tax licenses/sales tax permits do expire, be sure to check the expiration dates. Some permits expire at the end of a calendar year, as in Alabama. Yet Rhode Island sales tax permits are valid for the period July 1 through June 30 of the subsequent calendar year so must be renewed each year before June 30.

As always, with sales tax, requirements differ from state to state.

Sales Tax • Small Business

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