

ALABAMA DEPARTMENT OF REVENUE - SALES AND USE TAX RULES  
Code of Alabama 1975, Sections 40-23-31 and 40-23-83

**810-6-2-.29. Hand Tools Not Exempted as Machines.**

(1) The word "machine" as used in the Sales and Use Tax Laws is not understood to mean and include the hand implements used by laborers and craftsmen, commonly referred to as "hand tools" which are manually powered and controlled.

(2) Implements, hand operated, which are powered by electricity, steam or compressed air which is delivered to implements through wires, pipes, or hoses are considered to come within the levy of the tax at 1 1/2% where such implements are used in mining, quarrying, manufacturing, processing or compounding. (Sections 40-23-1(a)(10) and 40-23-2(3)) (Readopted through APA effective October 1, 1982)

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**810-6-2-.34. Improvised Attachments for Machines Used in Manufacturing.**

The materials, from which parts and attachments for machines used in manufacturing, compounding, processing, mining or quarrying are improvised, are taxed at the special 1 1/2% rate when such improvised parts or attachments are necessary to the operation of such machines and are customarily so used. (Section 40-23-2(3)) (Readopted through APA effective October 1, 1982)

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**810-6-2-.39. Machine Shop Equipment.**

Machine shop equipment used for maintenance and repair purposes is taxable at the general rate of 4%. Machines used both in maintenance and repair work and in the production of manufactured articles are taxed at the special machine rate of 1 1/2% when use in production is substantial. Tax is due at the general rate, however, when use in production is an incidental or inconsequential use as compared to use in maintenance and repair. (Sections 40-23-1(a)(10) and 40-23-2(3)) (Adopted March 9, 1961, amended November 1, 1963, readopted through APA effective October 1, 1982)

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**810-6-2-.42. Machines or Machinery Not Used in Manufacturing.**

Materials or equipment which might constitute a machine or machinery when not used for mining, quarrying, manufacturing, compounding or processing are taxed at the general rate of 4%. (Section 40-23-2(1)) (Adopted March 9, 1961, amended November 1, 1963, readopted through APA effective October 1, 1982)

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**810-6-2-.47. Material Handling Equipment.**

(1) Equipment used for transporting materials to the plant of a manufacturer, processor, or compounder or used for transporting finished products from such plants is taxed at the general 4% rate.

(2) The movement of materials or products purely for transportation purposes is not manufacturing, processing or compounding. In Alabama- Georgia Syrup Company v. State, 42 So.2d 796, the Supreme Court of Alabama stated with reference to platform trucks used for moving the company's products in the process of blending and packing. "We do not think that platform trucks are machines within the meaning of the exemption. They are obviously used in transportation from one point in the plant to another and not in compounding and manufacturing of tangible personal property."

(3) The general rule with reference to transportation equipment is that it is taxable at the general rate of 4% up to the point where the materials go into process, the equipment feeding the first processing machine being taxed under the machine levy at 1 1/2%.

(4) Equipment for transporting the finished product is subject to tax at the general 4% rate, the last equipment to come under the machine levy being that equipment which discharges the finished product from the last machine used in the process. (Section 40-23-2(3)) (Adopted March 9, 1961, amended November 1, 1963, readopted through APA effective October 1, 1982)

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**810-6-2-.52. Molding Machines.**

Mechanically operated devices used in making molds from sand for use in manufacturing are taxed at the special machine rate of 1 1/2%. (Section 40-23-2(3)) (Readopted through APA effective October 1, 1982)

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**810-6-2-.54. Packaging Equipment.**

Mechanical equipment used in measuring, weighing, or packaging by manufacturers, compounders, or processors is taxed at the special machine rate of 1 1/2% when such equipment is a part of the production line used to put the product in condition for sale. (Section 40-23-2(3)) (Readopted through APA effective October 1, 1982)

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**810-6-2-.57. Parts and Attachments For Machines Used in Manufacturing.**

Materials purchased by a manufacturer, compounder, processor, miner, or quarryman for attachment to, or to be made a part of, a machine used in manufacturing, compounding, processing, mining or quarrying is entitled to the reduced machine rate of sales or use tax regardless of whether or not such materials at the time of purchase are recognizable as parts and attachments for machines, provided, however, that the parts and attachments made from such materials are designed and manufactured for use, customarily so used and necessary to the operation of the completed machine. Such materials would include, but would not be limited to tool steel, steel plate, steel angles, shafting, packing, pipe, pipe fittings, pipe fitting supplies, valves, steam hose, fire clay, bulk lining materials, bulk insulation materials and pipe and tank coverings. Also recording instruments and similar attachments which are not generally classified as parts and attachments to manufacturing machines would qualify as parts and attachments when attached directly to a manufacturing machine. The reduced machine rate does not, however, extend to the materials used in erecting buildings or other structures even though such buildings or structures may house or support machines used in manufacturing, compounding, processing, mining, or quarrying. (Sections 40-23-2(3) and 40-23-61(b)) (Readopted through APA effective October 1, 1982, amended November 3, 1998)



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**810-6-2-.87. Sand Handling and Sand Conditioning Equipment.**

Machines and equipment used by manufacturers for conditioning and transporting, while in process, sand for use in mold making are taxed at the special machine rate of 1 1/2%. (Section 40-23-2(3)) (Readopted through APA effective October 1, 1982)

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**810-6-2-.89. Scrap Metal Shredder.**

A scrap metal shredder that will take such items as junk automobile bodies and through a series of magnetically operated devices separate the metal from the nonmetal items, shred the metal, and hydraulically compress it into blocks of certain sizes to specifications so that it can be measured when loading the furnace is taxed at the machine rate of 1 1/2%. (Section 40-23-2(3)) (Adopted June 12, 1978, readopted through APA effective October 1, 1982)



# Automotive Vehicle Drive-Out Certificate for Nonresidents

This form must be executed by both the seller and the purchaser or the purchaser's agent at the time of sale. Forms executed after the sale are invalid.

### SELLER'S INFORMATION

NAME		
ADDRESS		
CITY	STATE	ZIP

### PURCHASER'S INFORMATION

NAME		
ADDRESS		
CITY	STATE	ZIP
TELEPHONE NUMBER (      )	DRIVER'S LICENSE/PASSPORT NUMBER	

INVOICE NUMBER	AUTOMOTIVE VEHICLE MAKE	MODEL NUMBER
VIN	DATE OF SALE	TIME OF SALE <b>A.M.</b> <b>P.M.</b>

The facts set forth in this document are true and correct to the best knowledge and belief of the below-signed seller and purchaser or purchaser's agent. The automobile, motorcycle, truck, truck trailer, semitrailer, travel trailer, camper, or housecar referenced above will be exported or removed by the purchaser or purchaser's agent from Alabama within 72 hours from the time of sale to the State of \_\_\_\_\_ for first use and registration or titling in accordance with the laws of that state. In order to qualify as a travel trailer, camper, or housecar that will be registered or titled for use in another state, the purchaser must provide documentation of a valid state-issued identification card, state-issued driver's license, or U.S. passport, or for entities, a copy of the same for the individual signing for the purchase. Therefore, the seller's record requirements for such a sale will include maintaining a valid copy of the documentation with the Form DOC-1 and the bill of sale to substantiate the tax-exempt sale. If the state in which the nonresident will title and register the vehicle does not allow an Alabama resident to purchase a motor vehicle for first titling and registration in Alabama without the payment of tax to that state, the sale does not qualify for the drive-out provision. In these instances, the seller must collect the two percent (2%) Alabama state sales tax, not to exceed the amount of sales tax that would otherwise have been due in the state where the vehicle will be registered or titled for first use.

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF PURCHASER OR PURCHASER'S AGENT

*NOTICE: This form does not apply to and may not be used in conjunction with the sale of mobile homes, all terrain vehicles, or boats. The 72 hour drive-out provision does not apply to sales of these automotive vehicles.*

**FAILURE TO PROPERLY COMPLETE AND MAINTAIN THIS CERTIFICATE AND THE REQUIRED DOCUMENTATION PROVIDED BY RULE 810-6-3-.42.03 IN THE SELLER'S FILES WILL RESULT IN THE SELLER BEING HELD LIABLE FOR THE ALABAMA SALES TAX.**

Effective July 1, 2022, sales of automobiles, motorcycles, trucks, truck trailers, travel trailers, campers, housecars, or semitrailers that will be:

- registered or titled outside Alabama, and
- are exported or removed from Alabama within 72 hours by the purchaser or purchaser's agent for first use outside Alabama,

are subject to the Alabama sales tax in an amount equal to the state automotive sales tax rate of 2%, unless the sales tax laws of the state in which the purchaser will title or register the vehicle allow an Alabama resident to purchase a motor vehicle for first titling and registering in Alabama without the payment of tax to that state (Act 2022-346).

However, in no case will the amount of Alabama sales tax due on a motor vehicle that will be registered or titled for use in another state exceed the amount of sales tax that would have otherwise been due in the state where the vehicle will be registered or titled for first use. To qualify as a travel trailer, camper, or housecar that will be registered or titled for use in another state, the purchaser must provide documentation of a valid state-issued identification card, state-issued driver's license, or U.S. passport; or for entities, a copy of the same for the individual signing for the purchase. An entity must also provide a copy of the same for a member of an LLC or a member of the board of directors for a corporation, as well as the location that the travel trailer, camper, or housecar will be housed upon export from Alabama. Therefore, the seller's record requirements for such a sale will include maintaining a valid copy of the documentation with the Alabama Department of Revenue Automotive Vehicle Drive-Out Certificate for Nonresidents Form DOC-1 and the bill of sale to substantiate the tax-exempt sale.

The chart below, updated annually, provides an all-inclusive list of states that do not allow Alabama residents to purchase a vehicle without the payment of tax to that state for first titling and registration in Alabama. Persons purchasing vehicles to be registered in these states are only allowed a partial exemption of sales tax on the purchase of automotive vehicles that will be removed from Alabama within 72 hours from the date and time of purchase. The partial tax due will be the state sales tax of 2%, not to exceed the amount of tax that would have otherwise been due on the vehicle in the state in which the nonresident will title or register the vehicle for first use. Local sales and use taxes will not apply to these purchases.

A properly executed Drive-Out Certificate must be completed and secured by the seller to take advantage of the drive-out provision, regardless of the tax laws of the state in which the vehicle will be titled or registered for first use. The seller will be liable for the Alabama sales tax on any sales for which the Form

DOC-1 has been claimed but for which a properly executed certificate, sales invoice and additional documentation (when applicable) are not maintained.

See Sales and Use Tax Rules 810-6-3-.42.02 and 810-6-3-.42.03 for more information concerning sales to nonresidents.

## States requiring tax payment, titling, and registration for Alabama Residents

State	Abbreviation	Sales Tax Rate
Arizona	AZ	2%
California	CA	2%
Florida	FL	2%
Indiana	IN	2%
Massachusetts	MA	2%
Michigan	MI	2%
South Carolina	SC	2% (with tax due capped at \$500 effective 7/1/17)

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**810-6-1-12. Automotive Vehicles.**

(1) The term "automotive vehicles" as used in the Sales and Use Tax Laws shall mean and include, but shall not be limited to automobiles, trucks, buses, tractors (crawler and pneumatic tired types), motorcycles, motorscooters, automotive industrial trucks, Ross Carriers, lift trucks, locomotive cranes, airplanes, tugs, motorboats with built-in motors, boats with outboard type motors attached thereto by attachments intended to be permanent rather than readily removable and which motors are controlled with remote controls built on or into the hull of said boat.

(2) In addition to the vehicles listed above, Sections 40-23-1(a)12 and 40-23-60(12), Code of Alabama 1975, defined "automotive vehicles" to include power shovels, drag lines, crawler cranes, ditchers and similar machines which are self-propelled, but which are not primarily used as instruments of conveyance. Equipment of this class is to be considered as falling within the automotive vehicle class treated for sales or use tax purposes the same as automobiles, trucks, buses, or tractors; provided, however, self-propelled machines which qualify as farm machines (see Rule 810-6-4-.07 Farm Machines, Machinery, and Equipment) or mining machines (see Rule 810-6-2-.43 Machines Used in Mining, Quarrying, Manufacturing, Compounding, and Processing) are taxed at the rate of tax prescribed for equipment in those respective classes. (Sections 40-23-1(a)12, 40-23-60(12), 40-23-2(4), and 40-23-61(c)) (Adopted March 9, 1961, amended November 14, 1966, readopted through APA effective October 1, 1982, amended December 6, 1990)