

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

810-6-1-.116. Parts and Materials Used to Repair or Recondition Dealers' Automobiles.

(1) When a licensed dealer in automotive vehicles makes purchases of parts and materials to repair or recondition vehicles held in his inventory for sale, the purchases are tax free if the parts or materials become a part of the vehicle that will later be sold and taxed on the total sales price.

(2) When a licensed dealer in automotive vehicles repairs or reconditions vehicles for individuals as well as vehicles that are a part of his own inventory for sale, all of the dealer's purchases of parts or materials are at wholesale, tax free. Provided suitable records are maintained to distinguish between parts or materials used on his own vehicles and those of others, only the parts and materials used in repairing or reconditioning the vehicles of others are taxable. Such parts used in repairing the vehicles of others are taxable when sold to the customer and such materials used in reconditioning the vehicles of others are taxable when withdrawn and used by the dealer-repairman.

(3) The term "materials" as used herein shall mean items such as paint, body lead, solder, and wax which become a part of a reconditioned automobile. Supply items not becoming a part of a reconditioned automobile such as sandpaper, thinner used for cleaning purposes, masking tape, and rags are taxable retail sales when purchased by the dealer. The term "parts" as used herein shall mean items which are passed on substantially intact by the dealer such as seat covers, gears, fan belts, pistons, batteries, and tires. The term "parts" does not include materials as defined above and does not include supplies such as those listed above. (Adopted March 9, 1961, amended November 1, 1963, readopted through APA effective October 1, 1982, amended October 8, 1985)