

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

810-6-3-.67.02. Ships, Sale of.

(1) The gross proceeds of the sale or sales of vessels barges and commercial fishing vessels of over five tons load displacement are exempt from sales and use tax when sold by the manufacturer or builder thereof. (Sections 40-23-4(a)(12) and 40-23-62(17))

(2) The gross proceeds of the sale or sales of materials, equipment and machinery which, at any time, enter into and become a component part of ships, vessels, towing vessels or barges; or drilling ships, rigs or barges; or seismic or geophysical vessels; other watercraft or commercial fishing vessels of over five tons load displacement are exempt from sales or use tax regardless of where they are constructed or built. (Sections 40-23-4(a)(13) and 40-23-62(14))

(3) The Court of Civil Appeals in the case State of Alabama v. Sprinkle Net Shop, Inc., 351 So.2d 608 (1977), held that nets, trawl boards, cables, and related equipment sold to commercial fishing vessels become component parts of such commercial fishing vessels. Sales of the aforementioned items to commercial fishing vessels of over five tons load displacement are exempt regardless of where the vessel was constructed or built. This exemption is not limited to new vessels but also applies to the replacement of the same items on the old vessels of over five tons load displacement. (Sections 40-23-4(a)(12), 40-23-4(a)(13), 40-23-62(14), and 40-23-62(17)) (Adopted June 12, 1978, readopted through APA effective October 1, 1982, amended February 23, 1988, amended June 5, 1992)