

Alabama Vehicle Tax Rate Chart for States that Do Not Allow a Partial Exemption for Alabama Residents

With the passage of Acts 2015-503 and 2015-551, sales of automobiles, motorcycles, trucks, truck trailers, or semitrailers, excluding motor homes and travel trailers, that will be registered or titled outside Alabama, that are exported or removed from Alabama within 72 hours by the purchaser or his or her 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 two percent (2%), unless the sales tax laws of the state in which the purchaser will title or register the vehicle, allows an Alabama resident to purchase a motor vehicle for first titling and registering in Alabama without the payment of tax to that state. 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.

The chart below provides an all-inclusive list, as of December 2016, 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 two percent (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.

In order to take advantage of the drive-out provision, a properly executed Drive-Out Certificate must be completed and secured by the seller, regardless of the tax laws of the state in which the vehicle will be titled or registered for first use. The properly executed Drive-Out Certificate will be required as documentation from the seller to substantiate the amount of tax collected on the sale. In the absence of a Drive-Out Certificate, Alabama state and applicable local sales and use tax will be due.

State	Two-letter 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 \$300.00)