

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

810-6-1-.72. Gases: Acetylene, Oxygen, Hydrogen.

(1) All sales to consumers such as dentists, doctors, private hospitals, manufacturers, refiners, repairmen, welders, or junk dealers of acetylene, oxygen, hydrogen, and other gases for use in rendering professional medical services or in manufacturing, processing, or repairing are subject to sales or use tax. (Sections 40-23-1(a)(10) and 40-23-60(5))

(2) Sales of these gases to manufacturers or compounders where the gas enters into and becomes an ingredient or component part of the product manufactured or compounded for sale are at wholesale, tax-free. For example, sales of oxygen to manufacturers of steel where the oxygen becomes an ingredient or component part of the product manufactured for sale are nontaxable wholesale sales. (State v. United States Steel Corporation, 206 So.2d 358) See Rule 810-6-1-.80 entitled Ingredient or Component of Product Manufactured or Compounded for Sale. (Sections 40-23-1(a)(9)b and 40-23-60(4)b)

(3) Sales of these gases to dealers for resale are not taxable. (Sections 40-23-1(a)(9)a and 40-23-60(4)a) (Readopted through APA effective October 1, 1982, amended July 9, 1998)