

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

**810-6-1-.138. Rebuilding of Tracks, Idlers, and Rollers.**

(1) The rebuilding of tracks, idlers, and rollers belonging to others is a service and the receipts from this service by the repairman-dealer are not subject to sales or use tax. The repairman-dealer shall pay sales or use tax to the supplier on purchases of materials used in rebuilding tracks, idlers, and rollers belonging to others.

(2) Sales of rebuilt tracks, idlers, and rollers by the repairman-dealer are subject to sales or use tax. The repairman-dealer shall compute sales or use tax on the total sales price and collect the tax from the person to whom the rebuilt item is sold. (Sections 40-23-1(a)(6) and 40-23-60(10))

(3) Where a repairman-dealer (i) rebuilds tracks, idlers, and rollers that are part of the repairman-dealer's own stock of goods for sale and (ii) rebuilds tracks, idlers, and rollers belonging to others, the following shall apply:

(a) Sales or use tax shall be paid by the repairman-dealer to the supplier on all purchases of materials used in rebuilding the tracks, idlers, and rollers unless the repairman-dealer elects to claim the exemption provided by Section 40-23-1(a)(9)k for materials purchased or withdrawn for use in rebuilding tracks, idlers, and rollers which are part of the repairman-dealer's stock of goods for sale.

(b) If the repairman-dealer elects to claim the exemption in Section 40-23-1(a)(9)k, all materials becoming a part of the rebuilt tracks, idlers, and rollers shall be purchased at wholesale tax-free by the repairman-dealer and the repairman-dealer shall maintain suitable records to distinguish between the materials used in rebuilding the tracks, idlers, and rollers offered for sale by the repairman-dealer and the materials used by the repairman-dealer in rebuilding the tracks, idlers, and rollers of others. If suitable records are maintained, the repairman-dealer shall collect and remit sales tax on sales of rebuilt tracks, idlers, and rollers in accordance with paragraph (2) and shall compute and pay sales tax on the cost of the materials withdrawn and used in rebuilding tracks, idlers, and rollers belonging to others.

(c) In the event suitable records are not kept by the repairman-dealer to determine which materials are used in rebuilding tracks, idlers, and rollers offered for sale by the repairman-dealer, then all materials used by the repairman-dealer shall become a taxable withdrawal by the repairman-dealer. The sales tax due on withdrawals by the repairman-dealer shall be computed on the purchase price or cost to the repairman-dealer of the materials withdrawn for use. (Section 40-23-1(a)(10))

(4) Where any used track, idler, or roller which is a part of an automotive vehicle, truck trailer, semi trailer, or house trailer is taken in trade, or in a series of trades, as a credit or part payment on the sale of a new or rebuilt track, idler, or roller, the sales or use tax shall be paid on the net difference, that is, the price of the new or used track, idler, or roller sold less the credit for the used track, idler, or roller taken in trade. See Rule 810-6-1-.22 entitled Barter, Exchange, Trade-In. (Section 40-23-2(1)) (Adopted July 16, 1964, amended July 6, 1977, amended August 10, 1982, readopted through APA effective October 1, 1982, amended July 9, 1998)