

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

**810-6-1-.184. Seller Sells Tax Free at the Seller's Risk.**

(1) Other than the exceptions noted in paragraphs (2), (3), (4), and (5) below, the seller is liable for sales or use tax on any sales for which the seller fails to collect the appropriate sales or use tax due. It is the seller's duty under the Sales and Use Tax Laws to know the general and customary business of the customer and to collect the amount of tax due. The seller is not, however, expected to follow each article of goods sold to its final use; therefore, the seller is not to be held accountable for an isolated transaction made by the customer or for an isolated use of property by the customer. Where a seller sells to a customer who both uses and sells from the same stock of goods, the seller may sell, tax free, at wholesale all of the goods so used and resold. (Sections 40-23-26 and 40-23-67, Code of Alabama 1975)

(2) A seller, who acts in good faith and reasonably believes a tax exempt purchase is legal, is not liable for sales or use tax later determined to be due on a sale for which the purchaser provides the seller with a State Sales and Use Tax Certificate of Exemption (Form STE-1). (See Sales and Use Tax Rule 810-6-5-.02 State Sales and Use Tax Certificate of Exemption (Form STE-1) - Responsibilities of the Certificate Holder - Burden of Proof - Liability for Taxes Later Determined to be Due.) (Section 40-23-120)

(3) A seller who secures a properly completed and duly signed certificate pursuant to Section 40-23-4(a)(10) or Section 40-23-62(12), Code of Alabama 1975, and has no knowledge that such certificate is false when it is filed is not liable for sales or use tax on a sale later determined to be taxable. (See Sales and Use Tax Rule 810-6-3-.67.04 Certificate of Exemption - Fuel and/or Supplies Purchased for Use or Consumption Aboard Vessels Engaged in Foreign or International Commerce or in Interstate Commerce.) (Sections 40-23-4(a)(10) and 40-23-62(12))

(4) A seller who secures from the purchaser a Form ST:EXC-1, or a variation thereof approved by the Revenue Department, is not liable for sales or use tax later determined to be due on sales of tangible personal property which the purchaser claims are exempt pursuant to Sections 40-23-4(a)(2), (4), or (22) or 40-23-62(5), (7), or (23). (See Rule 810-6-3-.20.01 Exemption Certification Form Respecting Fertilizers, Insecticides, Fungicides, and Seedlings (Form ST:EXC-1).) (Section 40-23-4.3)

(5) A seller, who acts in good faith and reasonably believes a tax exempt purchase is legal, is not liable for sales or use tax later determined to be due on a sale for which the purchaser provides the seller with a Sales and Use Tax Certificate of Exemption for an Industrial or Research Enterprise Project (Form STE-2). (See Sales and Use Tax Rule 810-6-4-.24.01 Sales and Use Tax Certificate of Exemption for an Industrial or Research Enterprise Project (Form STE-2) - Responsibilities of the Certificate Holder - Burden of Proof - Liability for Taxes Later Determined to be Due.) (Section 40-23-120) (Readopted through APA effective October 1, 1982, amended January 29, 1990, amended March 24, 1993, amended December 10, 1996, amended June 9, 1999)