

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

810-6-2-.22.05. Federal Tax on Hazardous Chemicals.

It is the position of the Department based on an opinion by the Legal Division of the Department of Revenue that the federal tax is to be included in the measure of the tax when computing sales and/or use tax on retail sales of hazardous chemicals. The federal tax is a "cost of doing business" tax levied upon the sale or use of certain chemicals sold by a manufacturer, producer or importer thereof. Section 4662C, Title 26, U.S.C.A. reads as follows: "If any person manufactures, produces, or imports a taxable chemical and uses such chemical, then such person shall be liable for tax under §4661 in the same manner as if such chemical were sold by such person." Therefore, if the tax is on the cost of doing business by the provider of the chemical, then the federal tax would be included in the measure of the base used for computing the sales and/or use tax payable to the state. (Section 40-23-1(a)(10)) (Adopted August 10, 1982, readopted through APA effective October 1, 1982)