

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

810-6-2-.46.01. Marine Dealers, Sales By.

The proper rates of state sales tax to be paid on sales of boats, motors, trailers, and other items associated with the marine industry are as follows:

- (a) Boat trailers sold alone are taxable at 2 percent of the net difference paid.
- (b) Boat motors sold alone are taxable at the general rate of 4 percent of the total selling price.
- (c) Nonautomotive boats sold alone are taxable at the general rate of 4 percent of the total selling price.
- (d) When a boat without a motor is sold with a trailer, the total selling price of the boat is taxable at the general rate and the trailer is taxable at the automotive rate on the net trade difference (total selling price of the trailer less credit allowed for a qualifying automotive unit traded-in) provided the boat and trailer prices are separately stated on the dealer's invoice. To qualify for the trade-in allowance, the unit traded-in for the trailer must qualify as an automotive unit. If the boat and trailer prices are not separately stated on the invoice, the total selling price of the boat and trailer is taxable at the general rate with no deduction allowed for a trade-in.
- (e) Boat, motor and trailer sold as a unit is taxable at 2 percent of the net difference paid if it qualifies as an automotive vehicle.
- (f) If a dealer removes a motor from a customer's unit classified as an automotive vehicle, accepts it as part payment of another motor, and installs the new motor; the tax is computed at 4 percent of the net difference paid. A motor sold with a motor traded that is not part of an automotive vehicle at the time of the sale is taxable at 4 percent of the total selling price.
- (g) Coast Guard required equipment and accessories such as, but not limited to, life jackets and fire extinguishers included in the price of boat, motor and trailer, are taxable at 2 percent of the net difference paid. Skis, ropes, etc., are taxable at the general rate of 4 percent.
- (h) Depth finders, trolling motors, and other permanently attached accessories sold with unit at time of original purchase are taxable at 2 percent of the net difference paid provided the unit qualifies as a motorboat with built-in motor, or boat with outboard type motor attached thereto by attachments intended to be permanent rather than readily removable, and which motor is controlled with remote controls built on or into the hull of said boat.
- (i) Boat, motor and trailer sold by dealer for an individual is subject to the tax in the same manner and at the same rate as a boat, motor and trailer owned and sold by the dealer.

(Continued)

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

810-6-2-.46.01. (Continued)

(j) Boat, motor and trailer sold with trade-in allowed (example: new unit \$10,000.00, credit for unit traded \$5,000.00, net difference \$5,000.00) would be taxable at 2 percent of net difference paid provided both units qualify as an automotive vehicle as outlined in (h).

(k) Sail boat sold alone is taxable at 4 percent of total selling price.

(l) Sail boat sold with auxiliary motor permanently attached so that it qualifies as an automotive vehicle as outlined in (h) is taxable at 2 percent of the net difference paid.

(m) Aluminum fishing boat sold alone is taxable at the general rate of 4 percent of total selling price. (Sections 40-23-2(1) and 40-23-2(4)) (Adopted through APA effective January 10, 1985, amended January 24, 1989, amended July 9, 1998)