

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

810-6-3-.51. Municipal Sales and Use Taxes and Gross Receipts Taxes. (Repealed)

(1) The Department of Revenue is the collecting agency for many municipalities in Alabama levying a true sales and use tax or a gross receipts tax.

(2) Where a municipality levies a true sales and use tax under the provisions of Section 11-51-200, Code of Alabama 1975 as amended, the sellers located in the municipality are required to collect the municipal sales tax on retail sales of tangible personal property in the same manner as the state sales tax as the tax is a consumer tax. If the sale is made and as a part of the sales agreement the seller is required to deliver the item purchased outside the taxing jurisdiction of the municipality, the sale is exempt from the tax. If the seller whose place of business is located outside the municipality has salesmen soliciting orders within the municipality, the seller is required to collect and remit the sellers use tax on retail sales of tangible personal property in the same manner as an out-of-state seller who has salesmen soliciting orders in Alabama and who files a state sellers use tax return. It does not matter how delivery is made.

(3) The gross receipts tax which the department is required to collect under the provisions of Section 11-51-180, Code of Alabama 1975 as amended, is more commonly referred to as sales tax. This tax is levied upon the seller for the privilege of making retail sales of tangible personal property in the municipality levying the tax. If a sale and delivery of tangible personal property is made within the municipality, the tax is due. If the sale is made and as part of the sales agreement the seller is required to deliver the item purchased outside the taxing jurisdiction of the municipality, the tax is not due. If a seller who is located outside the municipality levying the tax has salesmen soliciting orders within the municipality, the seller is required to remit tax on retail sales of tangible personal property provided the seller delivers the item in his or her own equipment or by common carrier F.O.B. destination, title passing in the taxing jurisdiction of the municipality. If the sale is made F.O.B. point of origin, title passing outside the taxing jurisdiction of the municipality, the gross receipts tax is not due.

(4) A municipality that levies a gross receipts tax does not levy a use tax. Therefore, purchaser does not owe use tax on purchases if in a gross receipts jurisdiction.

(5) The repeal of this rule will become effective January 1, 2014. (Adopted August 15, 1974, readopted through APA effective October 1, 1982, amended January 10, 1985, amended May 4, 1994, amended October 20, 1998, amended September 5, 2013, operative January 1, 2014.) (See new rule 810-6-5-.04.02 Seller's Responsibility to Collect County and Municipal Sales and Use Taxes.)