

ALABAMA DEPARTMENT OF REVENUE

BUSINESS & LICENSE TAX DIVISION

MOTOR FUELS TAX RULE

810-8-1-.04. Sales of Motor Fuel in the Bulk Transfer/Terminal System.

(1) In accordance with Section 40-17-326(c), Code of Alabama 1975, tax is imposed on the sale or transfer of motor fuel in the bulk transfer/terminal system in Alabama by an Alabama supplier to a person who does not hold an Alabama supplier's license. The supplier shall collect the tax imposed from the person who orders the sale or transfer in the bulk transfer/terminal system. A bulk transfer/terminal system is a motor fuel distribution system consisting of refineries, pipelines, marine vessels, and terminals approved by the Internal Revenue Service. Motor fuel in a refinery, pipeline, terminal, or marine vessel transporting motor fuel to a refinery or terminal is in the bulk transfer/terminal system provided all operators are licensed and registered as required by the Internal Revenue Service.

(2) Based upon the definition of bulk transfer/terminal system as provided in Section 40-17-322, pipelines are considered to be a part of the bulk transfer/terminal system. Therefore, a tax-free transaction can only occur in the pipeline if all parties involved in the transaction have valid Alabama supplier's licenses. Otherwise, the tax is to be collected from the person ordering the sale or transfer in the bulk transfer/terminal system.

(Sections 40-2A-7(a)(5), 40-17-322, 40-17-323 and 40-17-326(c) Code of Alabama 1975. Effective August 3, 2012. Amended September 12, 2013. Effective October 17, 2013)