

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

**810-6-1-.137. Raw Materials and Supplies Purchased by Manufacturers and Compounders.**

(1) Subject to the criteria outlined in Sales and Use Tax Rule 810-6-1-.80 entitled Ingredient or Component of Product Manufactured or Compounded for Sale, ingredients or materials which are purchased by manufacturers or compounders and which become a part of the property manufactured or compounded for sale are purchased at wholesale, tax free, by such manufacturers or compounders. (Sections 40-23-1(a)(9)b and 40-23-60(4)b)

(2) One-time-use containers used by manufacturers and compounders to package their products and which become the property of the purchaser of the products are purchased at wholesale, tax free, by the manufacturers and compounders. Returnable containers are purchased at retail and are subject to tax. (Sections 40-23-1(a)(9)c and 40-23-60(4)c)

(3) Labels purchased by manufacturers and compounders, affixed to one-time-use containers, and sold along with the contents of the containers by said manufacturers and compounders are purchased at wholesale, tax free, by the manufacturers and compounders. The term "label" is understood to mean a tag or sticker of any material imprinted with information and said term includes price stickers, address stickers, and shipping tags as well as those tags or stickers which identify or describe the property to which they are attached. (Sections 40-23-1(a)(9)c and 40-23-60(4)c) (Readopted through APA effective October 1, 1982, amended January 29, 1990, amended September 25, 1992, amended December 10, 1997)