

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

810-6-1-.178. Transportation Charges.

(1) Where a seller delivers tangible personal property in his own equipment or in equipment leased by him, the transportation charges shall be considered a part of the selling price subject to sales or use tax. Said transportation charges are taxable even if billed separately.

(2) Where delivery of tangible personal property is made by common carrier or the U. S. Postal Service, the transportation charges shall not be subject to sales or use tax if billed as a separate item and paid directly or indirectly by the purchaser. To be excluded from the measure of tax, these transportation charges must be separate and identifiable from other charges. Transportation charges are not separate and identifiable if included with other charges and billed as "shipping and handling" or "postage and handling". Indirect payment of the transportation charges shall include those instances where the seller prepays the freight to the common carrier or U. S. Postal Service and is reimbursed by the purchaser.

(3) Where a seller contracts to sell and deliver tangible personal property to some designated place and makes arrangements for delivery of the property by means other than a common carrier or the U. S. Postal Service, the transportation charges shall be considered a part of the selling price subject to sales or use tax. Said transportation charges are taxable even if billed separately. (Sections 40-23-1(a)(5) and 40-23-1(a)(6)) (Amended August 16, 1974, amended October 29, 1976, readopted through APA effective October 1, 1982, amended April 3, 1987)