

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

**810-6-1-.58. Electrical Supplies and Equipment Sold to Contractors and Manufacturers.**

(1) Electrical supplies including wire, cable, clamps, outlet fixtures, conduits, and switches, are building materials which come under the building materials provisions of Sections 40-23-1(a)(10) and 40-23-60(5). Except as outlined in paragraph (2), electrical supplies are taxable at the general rate of sales or use tax upon the sale to, or use by, the person affixing them to real property, whether that person is a contractor, builder, manufacturer, or any other property owner. (Sections 40-23-1(a)(10), 40-23-2(1), 40-23-60(5), and 40-23-61(a))

(2) Whether sold to a contractor or directly to the manufacturer, electrical equipment used by manufacturers is taxable at the reduced machine rate of sales or use tax when it is (i) made or manufactured for use on, (ii) necessary to the operation of, and (iii) customarily used as a part of or an attachment to a machine used in manufacturing.

(a) The expressions "made or manufactured for use on," "necessary to the operation of," and "customarily used" are understood to mean that the part or attachment must be purchased substantially in the form in which it will be used by the manufacturer except for the usual and customary adjustments; that it is a standard part or attachment customarily used; and, further, that the machine or machinery on which it is used would not do the work for which designed if it were not so used. This includes all parts and attachments without which the machine would not do any work. In addition, it includes parts and attachments designed to increase the efficiency of the machine.

(b) Items of electrical equipment including starters, switches, and circuit breakers which become a part of or an attachment to a machine used in manufacturing are taxed at the reduced machine rate of sales or use tax. This equipment must either be attached directly to the machine or be immediately adjacent to the machine in order to qualify for the reduced machine rate. (Sections 40-23-2(3) and 40-23-61(b))

(3) Switchboards, control boards and cabinets controlling the general electrical supply system are not considered to be parts or attachments of machines used in manufacturing. The general rule is that the switch which is the direct control for the machine takes the machine rate and all equipment to that point is taxable at the general rate. (Sections 40-23-2(1) and 40-23-61(a)) (Readopted through APA effective October 1, 1982, amended March 10, 1998)