

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

**810-6-2-.92. Soft Drink Bottlers.**

Soft drink bottlers are engaged in manufacturing and compounding and, therefore, shall pay sales or use tax at the machine rate on the machines purchased used directly in manufacturing and compounding. They shall also purchase at wholesale, tax free, the ingredients of the drink which they compound. Supplies consumed in manufacturing or compounding are subject to tax at the general rate when purchased by the bottlers. (Sections 40-23-1(a)(9)b, 40-23-2(3), 40-23-2(1), 40-23-60(4)b, 40-23-61(a), and 40-23-61)

- (a) Examples of machines used at the machine rate:
  - 1. Bottle filling machines
  - 2. Capping machines
  - 3. Refrigeration equipment, when used to cool the product when in the compounding process
  - 4. Filtering equipment, used for filtering water used in the product
  - 5. Bottle washers and soakers
  - 6. Sterilizers
  - 7. Water heaters
- (b) Examples of supplies and equipment which are subject to tax at the general rate:
  - 1. Returnable or reusable bottles
  - 2. Flats
  - 3. Soap
  - 4. Hand trucks
  - 5. Office equipment
  - 6. Office supplies
  - 7. Advertising materials

(Readopted through APA effective October 1, 1982, amended January 27, 1998)