

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

810-6-2-13. Compositions.

(1) Gross proceeds accruing from the retail sales of compositions, paste-ups, or layouts sold to printers, publishers, or others are subject to the sales tax at the machine rate of 1 1/2%.

(2) 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, sales of materials to the manufacturer of the compositions are at wholesale, tax free, when such materials become a component of the compositions, etc., produced for sale. The machines used by the composition manufacturer in manufacturing the compositions are taxable at the machine rate of 1 1/2%. The supplies, materials and equipment not becoming a component of the product sold, or not constituting machines used in manufacturing are subject to the sales or use tax, whichever may apply, at the general rate of 4%. (Sections 40-23-1(a)(9)b and 40-23-60(4)b)

(3) Where a printer or publisher manufactures compositions for their own use, sales or use tax, whichever may apply shall be due on the purchase price of the materials becoming a component of the compositions at the machine rate of 1 1/2%. (Section 40-23-2(3)) (Adopted June 20, 1966, readopted through APA effective October 1, 1982, amended December 10, 1997)