

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

810-6-1-.89.02. Licensed Dealers, Sales to.

(1) Sales to Dealers at Wholesale. Sales of tangible personal property are sales at wholesale, not subject to tax, when made to a licensed dealer to be put into the stock of goods offered for sale by the dealer, notwithstanding the fact that the dealer may occasionally or habitually withdraw from stock some part of the inventory for use or consumption in connection with the business or for the personal use or consumption of the dealer. Such withdrawals shall be reported on the licensed dealer's sales tax return and the sales tax thereon computed and remitted to the Department of Revenue. The sales tax on withdrawals shall be computed on the cost to the dealer of the property withdrawn. See Rule 810-6-1-.196 Withdrawals from Inventory. (Sections 40-23-1(a)(6), 40-23-1(a)(8), 40-23-1(a)(9)a, and 40-23-1(a)(10))

(2) Sales to Dealers at Retail. Sales of tangible personal property to a licensed dealer for his own use or consumption rather than for resale purposes are sales at retail and are subject to tax. (Sections 40-23-1(a)(10) and 40-23-2) (Readopted through APA effective October 1, 1982, amended January 27, 1998)