

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

810-6-3-.67.03 Ships, Sales to.

(1) Sales and use taxes do not apply to the sale, storage, use, or consumption of fuel and supplies aboard ships, vessels, towing vessels, or barges, or drilling ships, rigs or barges, or seismic or geophysical vessels, or other watercraft engaged in foreign or international commerce or interstate commerce. (Sections 40-23-4(a)(10) and 40-23-62(12))

(2) The following guidelines shall be used in determining if a vessel is engaged in foreign, international, or interstate commerce:

(a) Vessels engaged in transporting cargo between Alabama ports and ports in foreign countries or possessions or territories of the United States or between Alabama ports and ports in other states are engaged in foreign, international, or interstate commerce. Engaging in foreign, international, or interstate commerce shall not require that the vessel involved deliver cargo to or receive cargo from an Alabama port.

(b) Vessels carrying passengers for hire, and no cargo, between Alabama ports and ports in foreign countries or possessions or territories of the United States or between Alabama ports and ports in other states shall be engaged in foreign, international, or interstate commerce, as the case may be, if, and only if, (i) the vessel in question is a vessel of at least 100 gross tons and (ii) the vessel in question has an unexpired certificate of inspection issued by the United States Coast Guard or by the proper foreign country for a foreign vessel, which certificate is recognized as acceptable under United States law.

(c) Seismic or geophysical vessels which are engaged either in seismic or geophysical tests or evaluations exclusively in offshore federal waters or in traveling to or from conducting such tests or evaluations shall be engaged in international or foreign commerce.

(d) Vessels which are engaged in foreign, international, or interstate commerce shall be deemed to remain in such commerce while awaiting or under repair in an Alabama port if such vessel returns after completion of the repairs to engaging in foreign, international, or interstate commerce. (Sections 40-23-4(a)(10) and 40-23-62(12))

(3) The merchant or seller of fuel and supplies which qualify for the exemption outlined in (1) above may accomplish proof of the applicability of the exemption by securing the duly signed certificate of the vessel owner, operator, or captain, or their respective agent that the fuel and supplies purchased are for use or consumption aboard vessels engaged in foreign, international, or interstate commerce. Persons filing false certificates are liable to the Revenue Department for all taxes, together with penalties and interest thereon, levied on sales applicable to such false certificates. (Sections 40-23-4(a)(10) and 40-23-62(12))

(4) The exemption outlined in (1) above does not apply to the sale of materials and supplies for use in fulfilling a contract for the painting, repairing or reconditioning of

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810-6-3-.67.03. (Continued)

vessels, barges, ships, other watercraft or commercial fishing vessels of five tons load displacement or less, but does apply to the sale of materials and supplies to any person for use in fulfilling a contract for the painting, repairing or reconditioning of vessels, barges, ships, other watercraft and commercial fishing vessels of over five tons load displacement.

(5) The gross proceeds of sales of fuel for use or consumption aboard commercial fishing vessels are exempt from sales and use tax. This exemption does not apply to supplies used or consumed aboard commercial fishing vessels. Commercial fishing vessels shall mean vessels which are regularly and exclusively engaged in the business of commercial fishing, shrimping, crabbing, oystering, or any other type of activity resulting in the gathering of fish or crustaceans for sale at wholesale or retail. (Sections 40-23-4(a)(27) and 40-23-62(27))

(6) The gross proceeds of sales of fuel and supplies for use or consumption aboard boats, ships, or towing vessels when used exclusively in transporting persons or property between a point in Alabama and a point or points in offshore federal waters for the exploration for or production of oil, gas, sulphur, or other minerals in offshore federal waters are exempt from sales and use tax. (Sections 40-23-4(a)(42) and 40-23-62(34)) Adopted March 9, 1961, amended November 1, 1963, amended September 26, 1966, amended July 2, 1975, amended June 12, 1978, readopted through APA effective October 1, 1982, amended February 23, 1988, amended June 5, 1992)