

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

810-6-4-.07. Farm Machines, Machinery, and Equipment.

(1) Sales at retail of any machine, machinery, or equipment which is used in planting, cultivating, and harvesting farm products, or used in connection with the production of agricultural produce or products, livestock, or poultry on farms, and sales at retail of any parts of, or attachments and replacements for, any such machine, machinery, or equipment which (i) are made or manufactured for use on or in the operation of the machine, machinery, or equipment, and (ii) are necessary to and customarily used in the operation of the machine, machinery, or equipment are taxable at the reduced farm machine rate of sales or use tax. (Sections 40-23-37 and 40-23-63, Code of Alabama 1975)

(2) The reduced farm machine rate does not apply to sales of parts, attachments, and replacements for any automotive vehicle or trailer designed primarily for public highway use, except farm trailers used primarily in the production and harvesting of agricultural commodities. (Sections 40-23-37 and 40-23-63)

(3) The term “machine, machinery, and equipment” is understood to mean items such as tractors, detachable plows, harrows, planters, cultivators, fertilizer spreaders, plow stocks, turning plows, seed drills, and sprayers. The general rate of sales or use tax applies to all hand tools. A power chain saw sold for use by a pulpwood dealer in cutting trees for sale in the dealer’s regular course of business qualifies for the reduced farm machine rate of sales or use tax. A power chain saw sold for nonfarm use is taxable at the general rate of sales or use tax. See Rule 810-6-2-.66.05 Portable Power Saws.

(4) Where any used machine, machinery, or equipment which is used in planting, cultivating, and harvesting farm products, or used in connection with the production of agricultural produce or products, livestock, and poultry on farms is taken in trade or in a series of trades as credit or part payment on a sale of the new or used machine, machinery, or equipment, the measure of sales or use tax shall be the price of the new or used machine, machinery, or equipment sold, less the credit for the used machine, machinery, or equipment taken in trade. (Sections 40-23-37 and 40-23-63)

(5) The dealers' sales invoices will be accepted as the basis for determining the tax rate applicable unless there is conclusive evidence that the invoice does not reveal the true facts. (Adopted September 26, 1966, amended August 16, 1974, amended November 3, 1980, readopted through APA effective October 1, 1982, amended December 28, 1998)