



# State of Alabama Department of Revenue

Montgomery, Alabama 36132

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## ALABAMA DEPARTMENT OF REVENUE REVENUE RULING 96-002

This document may not be used or cited as precedent. Ala. Code §40-2A-5(a) (1993 Replacement Volume).

TO:

FROM: Commissioner of Revenue  
Alabama Department of Revenue

DATE: April 1, 1996

RE: Applicability of Alabama sales tax to the sale of an entire ongoing business in a single transaction.

### ISSUES AND FACTS

The facts as represented by Requestor are as follows:

Corporation "A" is in the communications business in other states, but not Alabama. Corporation "A" has signed a contract to purchase substantially all the assets of another communications business located in Alabama, contingent upon the receipt of FCC approval. The seller, Corporation "B" does not retain or produce any inventory, and its primary assets include a large amount of tangible personal property, i.e., equipment and supplies.

Corporation "A" intends to purchase the business as a going concern, in a single transaction. Corporation "B" is not engaged in the business of selling its assets.

The issue is as follows:

Whether the sale of the entire ongoing business in a single transaction is considered a casual sale and is, thus, exempt from Alabama sales tax?

### LAW AND ANALYSIS

Sales & Use Tax Regulation 810-6-1-.33 Casual Sales states the following:

- (1) Other than the exception noted in (3) below, casual or isolated sales by

persons not engaged in the business of selling are not required to be reported to the Department of Revenue by the provisions of the Sales Tax Law.

- (2) Other than the exception noted in (3) below, tangible personal property purchased outside Alabama from a person not engaged in the business of selling is not subject to use tax when brought into this state for use, storage, or consumption.
- (3) Casual sales of automotive vehicles, motor boats, truck trailers, trailers, semitrailers, travel trailers, and manufactured homes are subject to sales or use taxes pursuant to the provisions of Sections 40-23-100, et seq., Code of Ala. 1975.

As Corporation "B's" regular course of business is not the selling of its assets, the sale of Corporation "B's" entire business outright to a single purchaser in one transaction is considered isolated or occasional and is therefore exempt from Alabama sales and use tax as a casual sale.

The only exceptions to this relate to the sale of titled vehicles and motor boats included in the purchase of a business.

#### HOLDING

Based upon the particular facts of this case, as Corporation "B's" regular course of business is not the selling of its assets, and the sale does not include titled vehicles or motor boats, the sale of the entire business outright to Corporation "A" in one transaction would be considered isolated or occasional and therefore exempt from Alabama sales tax as a casual sale.

G. SAGE LYONS

SL:MJM:pj