

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

810-6-1-.177. Trading Stamps.

(1) This rule is intended to apply to those transactions where trading stamps are exchanged for articles of merchandise called premiums. These exchanges are usually referred to as trading stamp redemptions.

(2) The exchange of a premium for trading stamps is deemed to be a sale at retail. This exchange is subject to the sales tax. The amount of tax is to be measured by the fair retail market value of the premium. Where the trading stamps have been given a fixed value, the measure of the tax shall not be less than the fixed value of the trading stamps used in exchange. If, however, the fair retail market value of the premium is more than the fixed value of the trading stamps required for its redemption, the measure of the tax shall be the fair market value, rather than the fixed value of the stamps. The premiums used to redeem trading stamps are purchased at wholesale, tax free. (Section 40-23-2(1)) (Readopted through APA effective October 1, 1982)