

(1) Title 28, Chapter 3, Article 6, Code of Ala. 1975, entitled Taxes on Sale of Spirited or Vinous Liquors, levies a total tax of 56 percent upon the selling price of all spirituous and vinous liquors sold by the Alabama ABC Board.

(2) The definitions of "Gross Proceeds of Sales" and "Gross Receipts" found in §40-23-1, Code of Ala. 1975, were amended effective May 7, 1992 to provide that any consumer excise tax included in the sales price of the property sold cannot be deducted from the gross proceeds of sales or gross receipts used to compute sales tax due on taxable sales. State and local consumer taxes, including, but not limited to, tobacco tax, beer tax, wine tax, and liquor tax cannot be excluded from the measure of state or local sales tax computed on taxable retail sales.

(3) The operator of a bar, tavern, or restaurant who sells alcoholic drinks purchases the liquors from the ABC Board at wholesale and pays the 56 percent liquor tax to the board based on the selling price. The sales tax is not due on such purchases, since they are purchases for resale. Subsequent sales of drinks by the bar, tavern, or restaurant operator are subject to the state sales tax. The measure of the tax is the total amount received for the drinks. The tax paid to the ABC Board in such cases becomes another overhead business expense to the retailer which he can take into consideration, together with other business expenses, in determining the selling price of each drink. He cannot collect the liquor tax from his purchaser as a tax; therefore, the total selling price is subject to state sales tax at the general rate.

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Authority: §§40-2A-7(a)(5), 40-23-1, 40-23-31 Code of Ala. 1975.

History: Adopted November 3, 1980. Readopted through APA effective October 1, 1982.

Amended: February 8, 1989. Filed March 22, 1989; adopted May 9, 1989; filed June 2, 1989.

Amended: Filed April 26, 2019; Effective June 10, 2019.