

(1) When a licensed automotive vehicle dealer makes purchases of parts and materials to repair or recondition vehicles held in the dealer's inventory for sale, the purchases are tax free if the parts or materials become a part of the vehicle that will later be sold and taxed on the total sales price.

(2) When a licensed automotive vehicle dealer repairs or reconditions vehicles for individuals as well as vehicles that are a part of the dealer's own inventory for sale, all of the dealer's purchases of parts or materials are at wholesale, tax free. Provided suitable records are maintained to distinguish between parts or materials used on the dealer's own vehicles and those of others, only the parts used in repairing the vehicles of others are taxable when sold to the customer and materials used in reconditioning the vehicles of others are taxable when withdrawn and used by the dealer-repairman.

(3) The term "materials" means items such as paint, body lead, solder, and wax which become a part of a reconditioned automotive vehicle. Supply items not becoming a part of a reconditioned automotive vehicle such as sandpaper, thinner used for cleaning purposes, masking tape, and rags are taxable retail sales when purchased by the dealer. The term "parts" means items that are passed by the dealer to the customer substantially intact such as seat covers, gears, fan belts, piston, batteries, and tires. The term "parts" does not include materials and supply items as defined and listed above.

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Code of Ala. 1975.
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