

810-6-1-.08.01 Automotive Supply Jobbers, Sales By

(1) Automotive supply jobbers must comply with Title 40 by maintaining the records necessary to determine the amount of their sales or use taxes liability. Title 40 includes the requirement that their records show the gross proceeds of wholesale sales and the gross proceeds of retail sales separately. Automotive supply jobbers must also comply with Rule 810-6-4-.10 entitled Keeping Records Of Sales For Resale.

(2) Automotive supply jobbers must collect sales or use tax on sales to all customers who do not have a valid Sales Tax License Number or Certificate of Exemption Number. Invoices made out to "cash" that do not show the purchaser's name will be considered to be retail sales invoices.

(3) The automotive supply jobber may sell to the purchaser tax exempt when the purchaser has a sales tax license and is buying the items for resale. The automotive supply jobber is not relieved of the responsibility of collecting tax on the items the licensed purchaser uses. The automotive supply jobber's responsibility is to know the nature of the customer's business and when to collect tax on items purchased for use.

(4) Sales of automotive parts to licensed automotive vehicle dealers with repair shops or service departments are at wholesale and tax-free. Sales of automotive parts to licensed automotive vehicle dealers without repair shops or service departments are taxable unless the dealer qualified for the exemption contained in §40-23-1(a)(9) for parts purchased for use in repairing or reconditioning automobiles that are a part of the dealer's stock of goods for sale. See Rule 810-6-1-.116 entitled Parts And Materials Used To Repair Or Recondition Dealer's Automotive Vehicles.

(5) Sales of materials to licensed automotive vehicle dealers are taxable unless the dealer qualifies for the exemption contained in §40-23-1(a)(9) for materials purchased for use in repairing or reconditioning automotive vehicles that are a part of the dealer's stock of goods for sale. See Rule 810-6-1-.116 entitled Parts And Materials Used To Repair Or Recondition Dealers' Automotive Vehicles. The term "materials" as used in this section includes paint, solder, flux, body lead, wax, underseal, and tire blacking that become a part of the reconditioned automotive vehicle. The term "materials" as used in this section does not include items that do not become a part of the reconditioned automotive vehicle such as sandpaper, thinner used for cleaning purposes, masking tape, rags, brushes, tools, and soap.

(6) The automotive supply jobber must collect sales or use tax on sales of supplies unless the customer is purchasing the supplies for resale. Supplies include but are not limited to cleaning compounds, chamois, rags, drill bits, shop files, welding gases and supplies, metal bars and rods, masking tape, fire extinguisher fluid, hydraulic jack oil, friction tape, signs, white sidewall cleaner, brooms, mops, window cleaner, rivets, tacks, cotter pins, repair parts for shop equipment, degreaser, bolts, nuts, washers, screws, oil measures, wiping cloths, drop light cords, auto body soap, hand

soap, vixen files, light bulbs, rubbing compound, floor oil absorbent compounds, brushes of all kinds, tar remover, and polishing cloths.

(7) The automotive supply jobber must collect sales or use tax on sales of power tools, heavy tools, and equipment and replacement parts unless the customer is purchasing the tools, equipment, or replacement parts for resale. Power tools, heavy tools, and equipment and replacement parts include but are not limited to floor jacks, air compressors and parts, washing equipment and parts, painting equipment and parts, electric sanders, air hose and chucks, drop cords, and welding equipment and parts.

(8) The automotive supply jobber must collect sales or use tax on sales of hand tools unless the customer is purchasing the tools, equipment, or replacement parts for resale. Sales of hand tools to licensed resellers who do not stock tools for resale are taxable.

(9) The automotive supply jobber must collect sales or use tax on sales to automobile painters or repair shops of items that lose their identity, such as paint, solder, and solvents.

(10) The measure of sales or use tax due on taxable sales of any new, used, or rebuilt automotive parts, except batteries, is the net trade difference, that is the selling price less credit for the used part taken in trade. The measure of sales or use tax due on taxable sales of batteries is the total sales price of the battery without deduction or credit for the value of the used taken in trade (See Rules 810-6-1-.12 entitled Automotive Vehicles and 810-6-1-.180 entitled Truck Trailers And Semitrailers for definitions of automotive vehicle and trailer).

(11) If automotive supply jobbers perform labor in connection with a sale of repair parts, invoices covering the transaction must clearly show the amounts charged for each part and amounts charged for labor. For invoices not showing parts and labor separately, sales tax is due on the total amount of the invoice.

(12) If automotive supply jobbers provide tire recapping service to a customer, they must collect sales or use tax from the customer measured by the total amount billed for the recapping service. Materials used by the automotive supply jobber in performing the recapping service are not taxable when purchased or withdrawn by the automotive supply jobber. The machines used directly in the recapping process by the automotive supply jobber are taxable at the reduced machine rate when purchased or withdrawn by the automotive supply jobber. Machines and equipment not used directly in the recapping process and all materials and supplies that do not become a component part of the finished product are taxable at the general rate when purchased or withdrawn by the automotive supply jobber.

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Authority: §§40-2A-7(a)(5), 40-23-1(a)(9),
40-23-2(1), 40-23-9, 40-23-26, 40-23-31, 40-23-67,
40-23-83 Code of Ala. 1975.
Rules: 810-6-1-.12, 810-6-1-.116, 810-6-1-.180, and 810-6-4-.10.

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