

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

810-6-1-.147. Returned Merchandise.

(1) When property is returned by the purchaser and the seller refunds the full amount paid, there is no sale and the sales price of such returned property is not to be included in the gross proceeds of sales.

(2) When property is returned and a part, but not all, of the sales price is refunded, the full sales price is to be included in the gross proceeds of sales. This would include but not be limited to property returned and a restocking fee is charged before refunding the balance of the purchase price. (State v. Leary and Owens Equipment Company).

(3) When the sale is on credit and less than the amount paid is refunded, the measure of the tax is the total amount of the sale. (Section 40-23-1(a)(6)) (Adopted March 9, 1961, amended Nov. 3, 1980, readopted through APA effective October 1, 1982)