



Casual Sales & Use Tax

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Overview

- Casual Sales & Use Tax
 - Who does it affect?
- Filing, Due Dates, and Payments
 - Information Tidbits
 - Questions

§40-23-101, Code of Alabama 1975

Sales tax levied on automotive vehicles, motorboats, truck trailers, manufactured homes, etc.; additional receipts and taxes collected.

(a) There is hereby levied and shall be collected as herein provided a sales tax upon every person, firm, or corporation purchasing within this state, other than at wholesale, any automotive vehicle, motorboat, truck trailer, trailer, semitrailer, or travel trailer required to be registered or licensed with the judge of probate of any county in this state from any person, firm or corporation that is not a licensed dealer engaged in selling automotive vehicles, motorboats, truck trailers, trailers, semitrailers, or travel trailers in an amount equal to two percent of the purchase price.

(b) Commencing October 1, 1989, there is hereby levied and shall be collected, as provided for under the provisions of subsection (e) of Section 40-23-104, a sales tax in the amount equal to two percent of the purchase price on the sale of any manufactured home as defined in subsection (n) of Section 40-12-255, purchased other than at wholesale in this state from any person, firm, or corporation which is not a licensed dealer engaged in selling manufactured homes.

(c) In addition to the two percent state sales tax, there shall also be collected any applicable municipal gross receipts or sales taxes and county sales taxes on the vehicles listed in subsection (a) of this section authorized by general or local law for the local taxing jurisdiction in which the purchaser resides or, if a business, the business location. Penalties for falsifying or misrepresenting the correct taxing jurisdictions shall be as provided in subsection (b) of Section 40-29-115.

(Acts 1981, No. 81-665, p. 1086, §2; Acts 1988, 1st Ex. Sess., No. 88-867, p. 265, §4; Acts 1989, No. 89-691, p. 1358, §4; Acts 1989, No. 89-752, p. 1526, §1; Acts 1994, No. 94-622, p. 1162, §2.)





Who is affected by Casual Sales Tax

The Consumer, the Licensed Dealer, and the County Official.

- The Consumer should pay Casual Sales Tax at the rate of 2% for the State Automotive Vehicle Rate (this includes motorboats, truck trailers, semi-trailers, and manufactured homes). The County and City Local Rates may vary.
- The Licensed Dealer (In-State) is required by law to collect the Sales Tax and provide the purchaser documentation showing the Purchase Amount and the amount of Sales Tax collected with the State, County, and City Tax breakdown. (§40-23-104, Code of Alabama 1975 and Motor Vehicle Administrative Rule 810-5-1-.246)
- Out-of-State Dealers that collect Sales Tax on the purchaser's behalf are required to have the collected amount on the Bill of Sale, but we cannot mandate that they break down the sales tax for State, County, and City. We allow credit for taxes paid to other states (Administrative Rule 810-6-5-.04).
- County Officials are required to collect and remit the Casual Sales Tax to the State. (§40-23-104, Code of Alabama 1975)

Filing, Due Dates, and Payments

The Casual Sales Tax return is to be filed on or before the 20th of each month prior to 4:00 p.m. CST. (if payment is due) using the TC-5 Form (Administrative Rule 810-6-1-.33.02)

Electronic Filing through the MyAlabamaTaxes.alabama.gov (MAT) website is preferred and considered good internal controls for Public Agencies





Filing, Due Dates, and Payments cont.

- The County Officials are entitled an amount of 5% of the revenue collected, provided the return and payment are submitted timely.
- Payments may be submitted online through MAT or mailed with the paper copy of the return.
- Late Returns and Payments will result in Penalties and Interest
- Late Submissions and payments will result in the forfeiture of the 5% Administrative Fee that the officials are allowed to keep.

Informative Tidbits

- The tax is collected on the purchase price, not the loan amount
- Title fees, Dealer Discounts, Finance, and Insurance Charges are not taxable
- Document fees, Processing fees, Destination Charge, and Manufacturer's Rebates are taxable
- If the taxpayer has paid an Alabama county or city sales tax, no additional county or city sales tax are to be levied.
- Military Members owe sales tax on vehicle purchases
- Churches are not exempt from Casual Sales Tax.
- A charitable organization does not owe Casual Sales Tax if specifically exempted by the Legislature from Sales and Use Tax; they must present an Exemption Certificate (See Rule 810-6-3-.07.05)





Informative Tidbits cont...

- There is no casual sales tax due if the change of ownership is due to a gift or even trade of like item (Administrative Rule 810-6-1-.22),
- If there is no purchase price, then no tax is due. (if a loan is assumed, then the transfer is subject to sales tax) (see Definition of a Sale, §40-23-1(a)(5))
- Amendment to Drive-Out Provision: Effective 7/1/2022, travel trailers, campers, and house cars are now included on the list of vehicles that qualify for the drive out provisions (§40-23-2(4), Code of Alabama 1975, amended by Act 2022-346)

Questions

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