



Casual Sales and Use Tax

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Sales and Use Tax

Disclaimer

The information provided is intended to be used as general administrative guidance only.



Overview

- Casual sales and use tax, as defined in §40-23-101 and §40-23-102, Code of Ala. 1975; also found in Sales and Use Tax Administrative Rule 810-6-5-.11.05
- Who is affected by casual sales tax?
- Filing, due dates, and payments
- Informative tidbits
- Questions



Casual Sales Tax

§40-23-101, Code of Ala. 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 §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 §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 §40-29-115.



Casual Use Tax

§40-23-102 Code of Ala. 1975

Excise tax levied on storage or use of 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, in lieu of the excise tax levied by subsection (c) of §40-23-61, an excise or use tax upon every person, firm, or corporation purchasing outside the state, other than at wholesale, any automotive vehicle, motorboat, truck trailer, trailers, semitrailer, or travel trailer, required to be registered or licensed with the judge of probate of any county in this state for use, storage, or other consumption within this state a tax 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 §40-23-104, an excise or use tax in the amount equal to two percent of the purchase price on the storage, use, or other consumption in the state of any manufactured home as defined in subsection (n) of §40-12-255 purchased other than at wholesale outside the state on or after October 1, 1989, for storage, use, or other consumption in this state.

(c) In addition to the two percent state use tax, there shall also be collected any applicable municipal and county use tax authorized by general or local law for the local taxing jurisdiction in which the purchaser resides, or, if a business, the business location on any automotive vehicle, motorboat, truck trailer, trailer, semitrailer, or travel trailer purchased from dealers doing business outside the state of Alabama and from licensed Alabama dealers where municipal and county sales taxes were not collected at the time of purchase. Penalties for falsifying or misrepresenting the correct taxing jurisdiction shall be as provided in subsection (b) of §40-29-115.



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 percent for the state automotive vehicle rate, (this includes motorboats, truck trailers, semi-trailers, and manufactured homes.) The county and city local rates may vary.



Who is Affected by Casual Sales Tax?

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

- **The Licensed Dealer** (in-state) is required by law to collect 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 Ala. 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).



Who is Affected by Casual Sales Tax?

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

- **County officials** are required to collect and remit the casual sales tax to the state. (§40-23-104, Code of Ala. 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 p.m. central time (if payment is due) using the TC-5 Form (see Administrative Rule 810-6-1-.33.02)

Electronic filing through the My Alabama Taxes website (MyAlabamaTaxes.alabama.gov) is preferred and considered good internal control for public agencies.



Filing, Due Dates, and Payments, cont.

- The county officials are entitled an amount of 5 percent of the revenue collected, provided the return and payment are submitted timely.
- Payments may be submitted online through My Alabama Taxes 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 percent 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 July 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 Ala. 1975, amended by Act 2022-346.)



Questions?

