



Casual Sales and Use Taxes

Sales and Use Tax Division
January 11, 2018

Casual Sales and Use Tax Rule

- **Rule 810-6-1-.33, Casual Sales:**
 - Casual or isolated sales by persons not engaged in the business of selling;
 - Purchases made outside of Alabama from a person not engaged in the business of selling;
 - Casual sales of automotive vehicles and manufactured homes are subject to sales or use tax.

Casual Sales and Use Tax Laws

- **Code of Alabama 1975**, automotive vehicles:
 - Sales tax: Section 40-23-101 (a)
 - Use Tax: Section 40-23-102 (a)
- **Code of Alabama 1975**, manufactured homes:
 - Sales Tax: Section 40-23-101 (b)
 - Use Tax: Section 40-23-102 (b)

Casual Sales and Use Tax Laws

- Code of Alabama 1975, Section 40-23-104 (a) and (b):
 - Paragraph (a) authorizes the licensing official to collect local sales or use tax, as well as, state use tax;
 - Paragraph (b) authorizes the licensing official to require proof of the purchase price; licensed dealers in this state must show the amount of taxes collected on the invoice (state, city, and county)

Casual Sales and Use Tax Laws

- Code of Alabama 1975, Section 40-23-107
 - Licensing official shall be entitled to a fee of five percent (5%) of all revenues collected
 - Fee will be allowed if collections are remitted within the time allowed by law

Casual Sales and Use Return due date

- Must be filed on or before the 20th day of the month for the previous month's collections
- EFT payments must be transmitted by 4:00 pm Central Standard Time
- There is not an extra 10 days for filing in October, November, and December

Frequently Asked Questions

- What items qualify for the automotive rate?
 - Automotive vehicles, motorboats, truck trailers, semitrailers, travel trailers, trailers and manufactured homes.
 - (See Sales and Use Tax Rules 810-6-1-.12 Automotive Vehicles & Rule 810-6-1-.180 Truck Trailers & Semitrailers)

Frequently Asked Questions

- What if a licensed Alabama dealer does not itemize the bill of sale?
 - The purchaser should be sent back to the seller to get a proper bill of sale / sales invoice which separately lists the amount of state, county, and city tax that was collected.

Frequently Asked Questions

- Should a licensing official accept an invoice/bill of sale for a \$1?
 - If you are unable to determine the true value of the vehicle. Yes, you may accept an invoice / bill of sale for a \$1.

Frequently Asked Questions

- If an individual is changing the name on a title that still has a lien, should the licensing official collect casual sales or use tax?
 - Yes, you should collect tax because the individual is accepting financial responsibility of the remaining principle / loan amount.
 - If there isn't a lien on the vehicle, no tax should be collected.

Frequently Asked Questions

- If an individual is giving a family or friend a automotive vehicle as a gift, should the licensing official collect casual sales or use tax?
 - If there is a lien on the vehicle, yes, you should collect tax.
 - If the vehicle is a true “gift” and does not have a lien on it, no tax should be collected. (You may have the individual write “gift” on the invoice / bill of sale.)

Frequently Asked Questions

- Does Alabama allow credit for taxes paid to another state?
 - Yes, Alabama does allow credit for **sales** tax paid to other states, with the exception of Georgia. However, non-resident service members or qualifying dependents stationed in GA have the option of paying either the TAVT or sales or use tax. (Purchaser must have completed a form, PT-472NS)
 - (See Sales and Use Tax Rule 810-6-5-.04, **Credit for Taxes in Other States**)

Frequently Asked Questions

- Does Alabama allow credit for taxes paid to another country?
 - No credit is allowed for taxes paid to another country.

Frequently Asked Questions

- If the dealer has already collected local Alabama tax should any additional local tax be collected?
 - No, if the dealer collected county and city sales taxes, no additional tax should be collected, regardless of the amount and / or difference in the rate. (**See Sales and Use Tax Rule 810-6-5-.04.01, Reciprocity for Municipal and County Sales, Gross Receipts, Use, and Rental Taxes**)

Frequently Asked Questions

- Are licensing officials required to collect state, county, and city tax on the casual sale of a manufactured home?
 - No, licensing officials are required to collect the two percent state sales tax on the casual sale of manufactured homes. (Exception to this is Morgan County who passed an ordinance allowing them to assess the **county tax** on sales of manufactured homes)

Frequently Asked Questions

- Are military personnel exempt from paying sales tax on vehicle purchases?
 - No. (See Sales and Use Tax Rule 810-6-2-.51.05, Members of Armed Services Stationed in Alabama Subject to Sales Tax)

Frequently Asked Questions

- Is sales tax due on the following charges?
 - Title Fees – No
 - Dealer Discount – No
 - Document Fee – Yes
 - Processing Fee – Yes
 - Finance & Insurance charge – No
 - Title change - death or divorce – No
 - Destination Charge – Yes
 - Manufacturer's Rebate – Yes

Filing your Casual Sales and Use Tax Return

- Returns are filed through My Alabama Taxes myalabamataxes.Alabama.gov
- To sign in, you will need your user ID and password
- It is best to use the same computer each time you file, otherwise our system will send you an authentication code to your email or cell phone number on record, each time you file on a new device.

Filing your Casual Sales and Use Tax Return

- Once you are logged in, click on the name of the return you are filing (example: Casual Sales and Use Tax) to go to the account.
- In the account, the “Account Alerts” at the top of the page will let you know if you are late filing or any other information.
- You will also see the periods listed for which you have filed or need to file returns.

Filing your Casual Sales and Use Tax Return

- Filing your return, amending your return, and making payments are all menu-driven and fairly simple to follow.
- If you have difficulties completing your return, please contact me (my contact information will be provided at the end of the presentation) or call the Sales and Use Tax Office at (334) 242-1490 or 1-866-576-6531.

Questions?

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