

**CERTIFICATION OF ADMINISTRATIVE RULES
FILED WITH THE LEGISLATIVE SERVICES AGENCY
OTHNI LATHRAM, DIRECTOR**

(Pursuant to Code of Alabama 1975, §41-22-6, as amended).

I certify that the attached is/are correct copy/copies of rule/s as promulgated and adopted on Friday, September 19, 2025, and filed with the agency secretary on Friday, September 19, 2025.

AGENCY NAME: Alabama Department of Revenue Sales and Use Tax
Division

INTENDED ACTION: Amend

RULE NO.: 810-6-3-.65

(If amended rule, give specific paragraph, subparagraphs, etc., being amended) **1, 2(a), 2(b), 3, 3(f), 3(f)(3), 4, 4(a), 4(c), 5(c), 6, 7(a), 8(a)-8(b), 9(a)-9(b), and 10(a)-10(e)**

RULE TITLE: Sales Tax Holiday For "Back-To-School"

ACTION TAKEN: State whether the rule was adopted with or without changes from the proposal due to written or oral comments:

Adopted without changes

NOTICE OF INTENDED ACTION PUBLISHED IN VOLUME XLIII, ISSUE NO. 10, AAM, DATED THURSDAY, JULY 31, 2025.

STATUTORY RULEMAKING AUTHORITY: Sections 40-2A-7, 40-23-201 through 40-23-213, Act 2025-309, and U.S. Department of Labor, Bureau of Labor Statistics

REC'D & FILED
(Date Filed)
(For LRS Use Only)
SEP 19, 2025
LEGISLATIVE SVC AGENCY

Vernon Barnett

Vernon Barnett

Certifying Officer or his or her
Deputy

APA-3

(NOTE: In accordance with §41-22-6(b), as amended, a proposed rule is required to be certified within 90 days after completion of the notice.)

Sales Tax Holiday For "Back-To-School".

(1) In accordance with § 40-23-211, Code of Ala. 1975, the Back-to-School Sales Tax Holidays will be held each year on the third full weekend of July beginning at 12:01 a.m. on Friday and ending at twelve midnight on the following Sunday, whereby no state sales or use tax will be due on "covered items" as defined herein. This annual period during which purchases of covered items are exempt from state sales and use taxes is referred to as the "Back-to-School" Sales Tax Holiday.

(2) (a) The provisions of Act 2025-280 do not apply to the Back-to-School sales tax holiday.

(b) Any county or municipality may, by resolution or ordinance adopted at least 90 days prior to the third full weekend of July, provide for the exemption of "covered items" from county or municipal sales or use taxes during the same time period, under the same terms, conditions, and definitions as provided for the state sales tax holiday. A county or municipality is prohibited from providing for a sales and use tax exemption during any period other than a state sales tax holiday. A participating county or municipality shall submit a certified copy of their adopted resolution or ordinance providing for the sales tax holiday, and any subsequent amendments thereof, to the department. The Department will compile this information into a list of all counties and municipalities participating in the "Back-to-School" Sales Tax Holiday and issue a current publication of the list on its website.

(3) For sales tax holidays through and including the July 2025 Back-to-School sales tax holiday, "covered items" means: articles of clothing with a sales price of one hundred dollars (\$100), or less, per article of clothing. For sales tax holidays beginning with the July 2026 Back-to-School sales tax holiday, "covered items" means articles of clothing with a sales price of one hundred fifty six dollars (\$156), or less, per article of clothing. The exemption applies regardless of how many items are sold on the same invoice to a customer. "Clothing" means all human wearing apparel suitable for general use including sandals, shoes and sneakers. Clothing shall not include the following items, which are excluded from the exemption:

- (a) Belt buckles sold separately;
- (b) Costume masks sold separately;
- (c) Patches and emblems sold separately;

(d) Sewing equipment and supplies including, but not limited to, knitting needles, patterns, pins, scissors, sewing machines, sewing needles, tape measures, and thimbles;

(e) Sewing materials that become part of "clothing" including, but not limited to, buttons, fabric, lace, thread, yarn, and zippers;

(f) Clothing accessories or equipment, protective equipment, or sport or recreational equipment, as defined below.

1. "Clothing accessories or equipment" means incidental items worn on the person or in conjunction with "clothing". The following list includes examples of "clothing accessories or equipment" and is not intended to be an all-inclusive list:

(i) briefcases;

(ii) cosmetics;

(iii) hair notions, including, but not limited to, barrettes, hair bows, and hair nets;

(iv) handbags;

(v) handkerchiefs;

(vi) jewelry;

(vii) sun glasses, non-prescription;

(viii) umbrellas;

(ix) wallets;

(x) watches; and

(xi) wigs and hair pieces.

2. "Protective equipment" means items for human wear and designed as protection of the wearer against injury or disease or as protections against damage or injury of other persons or property but not suitable for general use. The following list includes examples of "protective equipment" and is not intended to be an all-inclusive list:

(i) breathing masks;

- (ii) clean room apparel and equipment;
- (iii) ear and hearing protectors;
- (iv) face shields;
- (v) hard hats;
- (vi) helmets;
- (vii) paint or dust respirators;
- (viii) protective gloves;
- (ix) safety glasses and goggles;
- (x) safety belts;
- (xi) tool belts; and
- (xii) welders gloves and masks.

3. "Sport or recreational equipment" means items designed for human use and worn in conjunction with an athletic or recreational activity that are not suitable for general use. The following list includes examples of "sport or recreational equipment" and is not intended to be an all-inclusive list:

- (i) ballet and tap shoes;
- (ii) cleated or spiked athletic shoes;
- (iii) gloves, including, but not limited to, baseball, bowling, boxing, hockey, and golf;
- (iv) goggles,
- (v) hand and elbow guards;
- (vi) life preservers and vests;
- (vii) mouth guards;
- (viii) roller and ice skates;
- (ix) shin guards;
- (x) shoulder pads;
- (xi) ski boots;

(xii) waders; and

(xiii) wetsuits and fins.

(4) For sales tax holidays through and including the July 2025 Back-to-School sales tax holiday, "covered items" means: a single purchase, with a sales price of one thousand one hundred and seventy three dollars (\$1,173), or less, of computers, computer software, and school computer supplies. "Computer," "computer software," and "school computer supplies" shall not include furniture and any systems, devices, software, peripherals designed or intended primarily for recreational use, or video games of a non-educational nature. These items are defined as follows:

(a) "Computer" means an electronic device that accepts information in digital or similar form and manipulates it for a result based on a sequence of instructions, also known as a central processing unit (CPU). For purposes of the exemption during the sales tax holiday, a computer may include a laptop, desktop, or tower computer system which consists of a CPU, display monitor, keyboard, mouse, and speakers sold as a computer package. For the sales tax holidays through and including the July 2025 Back-to-School sales tax holiday, the computer package will qualify for the exemption if the dollar amount of the sale is at or below seven hundred fifty dollars (\$750). For the sales tax holiday beginning with the July 2026 Back-to-School sales tax holiday, the computer package will qualify for the exemption if the dollar amount of the sale is at or below one thousand one hundred seventy three dollars (\$1,173). However, display monitors, keyboards, mouse devices, speakers and other computer parts or devices designed for use in conjunction with a personal computer not sold as part of a package will not qualify for the exemption.

(b) "Computer software" means a set of coded instructions designed to cause a "computer" or automatic data processing equipment to perform a task.

(c) "School computer supply" means an item commonly used by a student in a course of study in which a computer is used. The following is an all-inclusive list of school computer supplies:

1. Computer storage media; diskettes and compact disks;
2. Handheld electronic schedulers, except devices that are cellular phones;

3. Personal digital assistants, except devices that are cellular phones;
4. Computer printers; and
5. Printer supplies for computers; printer paper, and printer ink.

(5) For sales tax holidays through and including the July 2025 Back-to-School sales tax holiday, "covered items" means: noncommercial purchases of school supplies, school art supplies, and school instructional material, up to a sales price of fifty dollars (\$50) per item. For the sales tax holiday beginning with the July 2026 Back-to-School sales tax holiday, "covered items" means noncommercial purchases of school supplies, school art supplies, and school instructional material, up to a sales price of seventy eight dollars (\$78) per item. These items are defined as follows:

(a) "School supply" is an item commonly used by a student in a course of study. The following is an all-inclusive list:

1. Binders;
2. Book bags;
3. Calculators;
4. Cellophane tape;
5. Blackboard chalk;
6. Compasses;
7. Composition books;
8. Crayons;
9. Erasers;
10. Folders, expandable, pocket, plastic, and manila; 11. Glue, paste, and paste sticks;
12. Highlighters;
13. Index cards;
14. Index card boxes;
15. Legal pads;

16. Lunch boxes;
17. Markers;
18. Notebooks;
19. Paper, loose leaf ruled notebook paper, copy paper, graph paper, tracing paper, manila paper, colored paper, poster board, and construction paper;
20. Pencil boxes and other school supply boxes; 21. Pencil sharpeners;
22. Pencils;
23. Pens;
24. Protractors;
25. Rulers;
26. Scissors; and
27. Writing tablets.

(b) "School art supply" is an item commonly used by a student in a course of study for artwork. The following is an all-inclusive list:

1. Clay and glazes;
2. Paints, acrylic, tempera, and oil;
3. Paintbrushes for artwork;
4. Sketch and drawing pads; and
5. Watercolors.

(c) "School instructional material" is written material commonly used by a student in a course of study as a reference and to learn the subject being taught. The following is an all inclusive list:

1. Reference maps and globes;
2. For sales tax holidays through and including the July 2025 Back-to-School sales tax holiday, required textbooks on an official school book list with a sales price of

more than thirty dollars (\$30) and less than fifty dollars (\$50).

3. For sales tax holidays beginning with the July 2026 Back-to-School sales tax holiday, required textbooks on an official school book list with a sales price of more than forty seven dollars (\$47) and less than seventy eight dollars (\$78).

(6) For sales tax holidays through and including the July 2025 Back-to-School sales tax holiday, "covered items" means: noncommercial purchases of books with a sales price of not more than thirty dollars (\$30) per book. For sales tax holidays beginning with the July 2026 Back-to-School sales tax holidays, "covered items" means noncommercial purchases of books with a sales price of not more than forty seven dollars (\$47) per book. The term book shall mean a set of printed sheets bound together and published in a volume with an ISBN number, but does not include magazines, newspapers, periodicals, or any other document printed or offered for sale in a non-bound form.

(7) Covered items are exempt only if the individual item is priced at or below the established threshold for the exemption. Exemption for only a portion of an individual item is not allowed. The following example illustrates the application of the rule to the exemption:

(a) A customer purchases a pair of pants costing \$160. Tax is due on the entire \$160. The exemption does not apply to the first \$156 of the price of an item of clothing selling for more than \$156.

(8) Splitting of items normally sold together. To qualify for the exemption, items normally sold in pairs shall not be separated, and articles that are normally sold as a single unit must continue to be sold in that manner. The following examples illustrate the application of the rule to the exemption:

(a) A pair of shoes sells for \$312. The pair of shoes cannot be split in order to sell each shoe for \$156 to qualify for the exemption.

(b) A suit is normally priced at \$300. The suit cannot be split into a coat and slacks so that one of the articles may be sold for \$156 or less to qualify for the exemption. However, articles that are normally sold as separate articles, such as a sport coat and slacks, may continue to be sold as separate articles and qualify for the exemption.

(c) A packaged gift set consisting of a wallet (ineligible item) and tie (eligible item) would not qualify for the exemption.

(9) "Buy one, get one free" and other similar offers. If a dealer offers "buy one, get one free" or "two for the price of one" on covered items, the purchase shall qualify for the exemption when all other conditions of the exemption are met. However, if a dealer offers a "buy one, get one for a reduced price" the two prices cannot be averaged to qualify both items for the exemption. The following examples illustrate the application of the rule to the exemption:

(a) A dealer offers "buy one, get one free" on a pair of shoes. The first pair of shoes has a sale price of \$155 and the second pair is free. Both pairs of shoes will qualify for the exemption because the first pair of shoes does not exceed the \$156 exemption limitation.

(b) A coat is purchased for \$300 and a second coat is purchased for half price (\$150) at the time the first coat is purchased. The second coat will qualify for the exemption, but the tax will be due on the first coat. In this example, the sales price of the items may not be averaged in order to qualify for the exemption.

(10) Discounts, coupons, and rebates. A discount by the seller reduces the sales price of the item and the discounted sales price determines whether the sales price is within the sales tax holiday price threshold. A coupon that reduces the sales price is treated as a discount if the seller is not reimbursed for the coupon amount by a third-party. If a discount applies to the total amount paid by a purchaser rather than to the sales price of a particular item and the purchaser has purchased both eligible property and taxable property, the seller should allocate the discount based on the total sales prices of the taxable property compared to the total sales prices of all property sold in that same transaction. The application of the exemption to discounts, coupons and rebates extended on a covered item during the exemption period is illustrated by the following examples:

(a) If a dealer sells a pair of jeans with a sales price of \$170 and offers to discount the item 10 percent at the time of sale, the exemption would apply because the actual sales price of the jeans is \$153.

(b) If a customer buys a \$400 suit and a \$55 shirt, and the retailer is offering a 10 percent discount, after applying the 10 percent discount, the final sales price of the suit is

\$360, and the sales price of the shirt is \$49.50. The suit is taxable (its price is over \$156) and the shirt is exempt (its price is less than \$156).

(c) If a dealer offers a reduction in sales price of \$100 through a store coupon for a computer with a sales price of \$1,273, the exemption would apply to the purchase because the dealer's actual sales price to the customer is \$1,173.

(d) If a customer gives to a dealer a manufacturer's coupon for \$100 for a computer with a sales price of \$1,273, the exemption would not apply.

(e) Rebates generally occur after the sale, thus the amount of the rebate does not affect the sales price of the purchased item. For example, if a pair of jeans was purchased for \$166 with a manufacturer's rebate for \$10, the exemption would not apply because the sales price is in excess of \$156.

(11) Exchanges. The application of the exemption to an exchange of a covered item purchased during the exemption period is illustrated by the following examples:

(a) A customer purchases a covered item during the exemption period, but later exchanges the item for a different size, color, or other feature, and the original sale is not cancelled. No additional tax is due even though the exchange is made after the exemption period.

(b) A customer purchases a covered item during the exemption period. After the exemption period has ended, the customer returns the item and receives credit on the purchase of a different item and the original sale is cancelled. Sales tax is due on the total sales price of the newly purchased item.

(c) A customer purchases a covered item before the exemption period. During the exemption period the customer returns the item and receives credit on the purchase of a different covered item and the original sale is cancelled. Sales tax is not due on the sale of the new item if the new item is purchased during the exemption period.

(12) Layaway sales. A layaway sale is a transaction in which articles are set aside for future delivery to a purchaser who makes a deposit, agrees to pay the balance of the sales price over a period of time, and, at the end of the payment period, receives the merchandise. A sale of a covered item under a layaway sale will qualify for the exemption when final payment on the layaway order is made by, and the item is given to, the purchaser during the exemption period; or when title to the

covered item transfers to the purchaser and delivery is made to the purchaser during the exemption period. A sale made by completion of transfer of title after the exemption period shall not qualify for the exemption.

(13) Rain checks. A rain check allows a customer to purchase an item at a certain price at a later time because the particular item was out of stock. Covered items purchased during the exemption period with the use of a rain check will qualify for the exemption regardless of when the rain check was issued. Issuance of a rain check during the exemption period will not qualify a covered item for the exemption if the item is actually purchased after the exemption period.

(14) Mail, telephone, e-mail, and Internet sales. The sale of a covered item qualifies for exemption when sold through the mail, telephone, e-mail or Internet when the item is paid for and delivered to the customer during the exemption period; or when title to the covered item transfers to the purchaser and delivery is made to the purchaser during the exemption period. Pursuant to Section 40-23-1(a)(5), the sale of an item is not closed or completed until the time and place where delivery occurs to the purchaser after the act of transportation ends and the item comes to rest in this state for use or consumption. Covered items that are pre-ordered and delivered to the customer during the exemption period qualify for the exemption.

(15) Gift certificates and gift cards. Covered items purchased during the exemption period using a gift certificate or gift card will qualify for the exemption, regardless of when the gift certificate or gift card was purchased. Covered items purchased after the exemption period using a gift certificate or gift card are taxable even if the gift certificate or gift card was purchased during the exemption period. A gift certificate or gift card cannot be used to reduce the selling price of a covered item in order for the item to qualify for the exemption.

(16) Returns. For a 60 day period immediately after the sales tax holiday exemption period, when a customer returns an item that would qualify for the exemption, no credit for or refund of sales tax shall be given unless the customer provides a receipt or invoice that shows tax was paid, or the seller has sufficient documentation to show that tax was paid on the specific item. This 60 day period is set solely for the purpose of designating a time period during which the customer must provide documentation that shows that sales tax was paid on returned merchandise. The 60 day period is not intended to change a seller's policy on the time period during which the seller will accept returns.

(17) Different time zones. The time zone of the purchaser's location determines the authorized time period for a sales tax holiday when the purchaser is located in one time zone and a seller is located in another.

(18) Records. The retailer is not required to obtain an exemption certificate on sales of covered items during the exemption period. However, the retailer's records should clearly identify the type of item sold, the date on which the item was sold, the sales price of all items and, if applicable, any tax charged.

(19) Reporting Exempt Sales. No special reporting procedures are necessary to report exempt sales on covered items made during the exemption period. Exempt sales are to be included in the Gross Sales Amount and in the Deductions amount reported on the state and local returns. Taxable sales and exempt transactions should be reported as currently required by law.

(20) Transportation Charges.

(a) Where delivery is made by common carrier or the U.S. Postal Service, the transportation charge if billed as a separate item and paid directly or indirectly by the purchaser, is excluded from the sales price of the covered item. Transportation charges made by any other means are included as part of the sales price of the covered item, whether or not separately stated. Transportation charges are not separately stated if included with other charges and billed as "shipping and handling" or "postage and handling."

(b) "Shipping and handling" or "postage and handling" charges are included as part of the sales price of the covered item, whether or not separately stated. If multiple items are shipped on a single invoice, to determine if any covered items qualify for the exemption for purposes of determining a sales tax holiday price threshold, the shipping and handling charge or postage and handling charge must be proportionately allocated to each item ordered, and separately identified on the invoice.

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Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5), 40-23-201 thru 40-23-213, U.S. Department of Labor, Bureau of Labor Statistics.

History: Filed September 28, 1982. **Repealed:** Filed June 4, 1998; effective July 9, 1998. **New Rule:** Filed October 4, 2006; effective November 8, 2006. **Amended:** Filed December 19, 2012; effective January 23, 2013. **Amended:** Filed October 2, 2017; effective November 16, 2017. **Amended:** Published September 30, 2025; effective November 14, 2025.