ALABAMA DEPARTMENT OF REVENUE
ADMINISTRATIVE CODE

CHAPTER 810-6-1
GROSS PROCEEDS OF SALES; GROSS RECEIPTS; WHOLESALE SALES; SALES AT WHOLESALE; RETAIL SALES, SALES AT RETAIL; AUTOMOTIVE VEHICLES

810-6-1-.91 Made-To-Order And Custom Sales.

Where persons contract to manufacture, compound, process or fabricate their materials into articles of tangible personal property according to the special order of their customers, the total receipts from the sales of such articles are subject to the sales or use tax, whichever may apply. The seller may not deduct any of his costs, nor can he deduct any of his charges for labor or services, which are an item of the production or fabrication costs of the article, to arrive at the taxable amount. Articles commonly made to order are curtains, draperies, tents, awnings, clothing, and slipcovers. The person making sales of made-to-order and custom made articles purchases the materials which become a component or ingredient of their products at wholesale, tax free. The equipment, tools and supplies used or consumed in the production of such articles and not becoming a part thereof are subject to tax, except that machines used in such production are specifically taxed at one and one-half percent rather than the general rate of four percent. §40-23-1(6).

Author:
Statutory Authority: Code of Ala. 1975, §§40-23-31, 40-23-83.
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