ALABAMA DEPARTMENT OF REVENUE
ADMINISTRATIVE CODE

CHAPTER 810-6-2
TAXES LEVIED ON GROSS SALES AND GROSS RECEIPTS; APPLICABLE TAX RATES

810-6-2-.101 Transformers.

Transformers used in the generation, manufacture, or distribution of electricity by public utilities are machines used in manufacturing and processing tangible personal property and, therefore, are taxed at the reduced machine rate. (Curry v. Alabama Power Company, 8 So. 2d 521) Following this decision by the court, the Department has ruled that all transformers used by producers or distributors of electricity and transformers used by other manufacturers, processors, or compounders as a part of their manufacturing, processing, or compounding equipment are entitled to the reduced machine rate of sales and use tax. Power capacitors and voltage regulators qualify for the reduced machine rate when used in the generation, manufacture, or distribution of electricity by public utilities or by other manufacturers, processors, or compounders as a part of their manufacturing, processing, or compounding equipment. (Readopted through APA effective October 1, 1982) (Sections 40-23-2(3) and 40-23-61(b))

Author: Dan DeVaughn.
Statutory Authority: Code of Ala. 1975, §§40-23-31, 40-23-83.
History: **Amended:** Filed September 27, 1993; effective November 1, 1993.