

Alabama Sales Tax Holiday
July 2017
BACK TO SCHOOL

Summary

General Overview:

- The holiday will commence at 12:01 a.m. on **Friday July 21, 2017** and conclude at midnight on **Sunday July 23, 2017**.
- The holiday will provide relief from state sales tax on certain purchases of **school supplies, computers, and clothing**. Local sales tax may apply.
- The exemptions are intended for individuals and their personal use. The exemptions do not apply to business purchases.
- The amount of sales tax relief provided by the holiday on covered items may vary from county to county and between local municipalities within a county. All covered items will be exempt from the **4% state sales tax rate**, but it is up to the discretion of each local county and municipality to notify the Alabama Department of Revenue (ADOR) of its intentions to participate in the holiday.
- The 2017 sales tax holiday does provide sales tax relief from local sales taxes **if the localities elect to participate**. The list of participating cities and counties will be updated and can be found on the Department's website listed below.
- More information regarding the holiday can be found at:
<http://www.ador.alabama.gov/>

School Supply Exemption:

- The exemption applies to the purchase of school supplies, school art supplies and school instructional material with a sales price of **\$50 or less per item**. See below for all-inclusive lists.
- "School supply" is an item commonly used by a student in the course of study.
- "School art supply" is an item commonly used by a student in a course of study for artwork.

- “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.

Books Exemption:

- The exemption applies to the purchase of books with a sales price of **\$30 or less per book**.
- Book is defined as a set of printed sheets bound together and published in a volume with an ISBN number.

Computer Exemption:

- The exemption applies to a single purchase with a sales price of **\$750 or less** of computers, computer software, and school computer supplies. See the listing below.
- “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.
- “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, 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. Computer parts and devices not sold as part of a package with the CPU, will not qualify for the exemption.**
- “Computer software” means a set of coded instructions designed to cause a computer or automatic data processing equipment to perform a task.
- “School computer supply” means an item commonly used by a student in a course of study in which a computer is used. See below for an all-inclusive list.

Clothing Exemption:

- The exemption applies to clothing and footwear with a sales price of **\$100 or less per article of clothing**. See the listing below.
- Clothing is defined as all human wearing apparel suitable for general use.

LIST OF EXEMPT ITEMS

SCHOOL SUPPLIES (all-inclusive list):

- Binders

- Blackboard Chalk
- Book Bags
- Calculators
- Cellophane Tape
- Compasses
- Composition Books
- Crayons
- Erasers
- Folders (expandable, pocket, plastic & manila)
- Glue, paste, and paste sticks
- Highlighters
- Index Cards
- Index Card Boxes
- Legal Pads
- Lunch Boxes
- Markers
- Notebooks
- Paper (loose leaf ruled notebook paper, copy paper, graph paper, tracing paper, manila paper, colored paper, poster board, and construction paper)
- Pencil Boxes & Other School Supply Boxes
- Pencil Sharpeners
- Pencils
- Pens
- Protractors
- Rulers
- Scissors
- Writing Tablets

SCHOOL ART SUPPLIES (all-inclusive list):

- Clay & Glazes
- Paints (Acrylic, Tempera & Oil)
- Paintbrushes for artwork
- Sketch and Drawing Pads
- Watercolors

SCHOOL INSTRUCTIONAL MATERIAL (all inclusive list):

- Reference Maps and Globes
- Required Textbooks on an official school book list with a sales price of **more than \$30 and less than \$50**

BOOKS (\$30 or less per book, non-commercial purchases)

Taxable:

- Magazines
- Newspapers
- Periodicals

- Any other document printed or offered for sale in a non-bound form

SCHOOL COMPUTER SUPPLIES (all-inclusive list):

- Computer Storage Media; diskettes, compact disks
- Handheld electronic schedulers, except devices that are cellular phones
- Personal digital assistants, except devices that are cellular phones
- Computer Printers
- Printer Supplies for Computers (printer paper, printer ink)

COMPUTERS & COMPUTER SOFTWARE

- Laptop, desktop, or tower computer system which consists of a CPU, and devices such as a display monitor, keyboard, mouse, and speakers sold as a computer package
- Computer software

CLOTHING

- Belts
- Boots
- Caps
- Coats
- Diapers
- Dresses
- Gloves
- Gym Suits
- Hats
- Hosiery
- Jackets
- Jeans
- Neckties
- Pajamas
- Pants
- Raincoats
- Robes
- Sandals
- Scarves
- School Uniforms
- Shirts
- Shoes
- Shorts
- Socks
- Sneakers
- Underwear

Taxable Clothing

Clothing accessories:

- Belt buckles (sold separately)

- Briefcases
- Cosmetics
- Costume masks (sold separately)
- Hair notions (barrettes, hair bows, etc.)
- Handbags
- Handkerchiefs
- Jewelry
- Patches & emblems (sold separately)
- Sewing equipment & supplies (pins, patterns, scissors, tape measures, etc.)
- Sewing materials (thread, fabric, buttons, zippers, etc.)
- Sun glasses, eye glasses, contacts (prescription or nonprescription)
- Umbrellas
- Wallets
- Watches
- Wigs & hair pieces

Protective Equipment:

- Breathing masks
- Clean room apparel & equipment
- Ear & hearing protectors
- Face shields
- Hard hats
- Helmets
- Paint or dust respirators
- Protective gloves
- Safety glasses & goggles
- Safety belts
- Tool belts
- Welders gloves & masks

Sport or Recreational Equipment:

- Ballet or tap shoes
- Band instruments
- Cleated or spiked athletic shoes
- Gloves (baseball, bowling, boxing, hockey, golf, etc.)
- Goggles
- Hand & elbow guards
- Life preserves & vests
- Mouth guards
- Roller & ice skates
- Shin guards
- Shoulder pads
- Ski boots
- Waders
- Wetsuits & fins

Guidelines:

Exemption Qualification – 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.

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.

“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.

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.

Exchanges – 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.

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.

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.

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 the title to the covered item

transfers to the purchaser and delivery is made to the purchaser during the exemption period. 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.

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.

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.

Transportation Charges – 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.

“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.