

**ALABAMA DEPARTMENT OF REVENUE - SALES AND USE TAX RULES**  
**Code of Alabama 1975, Sections 40-23-31 and 40-23-83**

**810-6-5-14. Pipeline Company - Property Transfers.**

(1) Property transferred from out of state into Alabama for use, storage, or consumption is assumed to have been purchased for such use, storage, or consumption in Alabama and is subject to the Alabama use tax.

(2) The Department of Revenue will allow credit to use tax liability for new and unused materials transferred out of Alabama which were purchased out of state and on which Alabama use tax has been paid.

(3) The Department will not consider used equipment and materials transferred into Alabama to be taxable where the taxpayer's records clearly show that the property was substantially used prior to the transfer and where there is no appearance of an attempt to evade the payment of the tax by such use and transfer.

(4) No allowance will be made for outgoing transfers of equipment and materials, either new or used, the sales of which were subject to the Alabama sales tax.

(5) In determining whether or not transferred property is subject to tax, the assumption will be that the property was purchased for use in Alabama and that Alabama tax has not been paid thereon. The company will be burdened with showing by its records that the transferred property was purchased for use outside of Alabama and was so used prior to its being transferred to Alabama. The assumption that the property was purchased for use in Alabama is overcome when it is shown that there has been a real and substantial use of the property outside of this state prior to its transfer. (Section 40-23-61) (Readopted through APA effective October 1, 1982)