START A BUSINESS - ALABAMA

How to open an auto repair shop in Alabama

We found no Alabama State repair shop license; the key rule is sales tax: parts are taxed and itemized labor is not.

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1 Is a repair shop right for you?

Repair shops diagnose and fix vehicles, from maintenance and brakes to engines and collision repair. It suits experienced technicians who price fairly and keep good records.

2 Form the business and register for sales tax

1. Choose a structure. LLCs and corporations file with the Alabama Secretary of State.
2. Register with the Alabama Department of Revenue (My Alabama Taxes) to collect state sales tax plus any city and county sales taxes.
3. Check your city or county for business licenses and zoning.

3 Licenses

We found no Alabama State license for repair or body shops. Check your city or county for business licenses and zoning.

4 Sales tax on repairs

Parts are taxable at the state and local rates. Itemized repair and installation labor is not taxed, but if you do not itemize, the whole bill is taxable. Keep books that separate parts and labor.

5 A/C work

Servicing vehicle air conditioning for pay requires EPA Section 609 certification.

6 Your first steps

1. Form the business and register for sales tax.
2. Get local business licenses and check zoning.
3. Buy insurance and equipment.
4. List your business on Nearby Car Care

Requirements at a glance

Sales tax on parts; itemize labor

Required - State - Alabama Department of Revenue

Parts used in repairs are retail sales and taxable. Labor and installation charges are taxable only when they are not separately stated, so list parts and labor separately and keep books that separate them. Paint, lubricants and tools are taxed when you buy them.

EPA Section 609 certification for air conditioning work

Required in some cases - Federal - U.S. Environmental Protection Agency

Anyone who repairs or services a motor vehicle air conditioning system for payment or bartering must be certified by an EPA-approved Section 609 program. We found no Alabama State license for repair or body shops.

Official agencies and links

Section 609 Technician Training and Certification Programs
U.S. Environmental Protection Agency
https://www.epa.gov/mvac/section-609-technician-training-and-certification-programs

Rule 810-6-1-.07, Sales of automotive vehicle parts by repair shops and garages
Alabama Department of Revenue
https://www.revenue.alabama.gov/wp-content/uploads/2021/12/810-6-1-.07.pdf

Frequently asked questions

Is repair labor taxable in Alabama?

No, when it is itemized separately from the parts. An unitemized bill is fully taxable.

This guide is general information, not legal advice. Rules change and can depend on your city or county, so confirm with the official agencies linked below before you apply.