

DRAFT 02-09-09
Appendix C
LIBRARY OF DEFINITIONS
Administrative Definitions

“**Delivery charges**” means charges by the seller of personal property or services for preparation and delivery to a location designated by the purchaser of personal property or services including, but not limited to, transportation, shipping, postage, handling, crating, and packing.

A member state may exclude from “~~delivery charges~~” any of the following if the charges are all delivery charges from the sales price of all personal property and services, or choose to exclude from the sales price of personal property or services one or more of the following components, and may amend the definition of delivery charges accordingly. In order to qualify for exclusion from sales price, excluded charges or components must be separately stated on an invoice or similar billing document given to the purchaser, otherwise the member state must require that they remain part of sales price:

- A. Handling, crating, packing, preparation for mailing or delivery, and similar charges; or
- B. Transportation, shipping, postage, and similar charges, ~~or~~ .
- C. ~~The “delivery charges” for direct mail.”~~

In addition, a member state may treat delivery charges for “direct mail” differently than it treats delivery charges for other personal property or services. A state may exclude all delivery charges from the sales price for direct mail or choose to exclude from the sales price of direct mail one or more of the following components, and may amend the definition of delivery charges accordingly. In order to qualify for exclusion from sales price, excluded charges or components must be separately stated on an invoice or similar billing document given to the purchaser, otherwise the member state must require that they remain part of sales price:

- A. Handling, crating, packing, preparation for mailing or delivery, and similar charges;

- B. Transportation, shipping, and similar charges, or
- C. Postage.

The exclusion of “delivery charges” for “direct mail” shall apply to any sale involving the delivery or mailing of “direct mail” or printed material that would otherwise be direct mail that results from a transaction that a state considers the sale of a service.

If a shipment includes exempt property and taxable property, the seller should allocate the delivery charge by using:

- A. a percentage based on the total sales prices of the taxable property compared to the total sales prices of all property in the shipment; or
- B. a percentage based on the total weight of the taxable property compared to the total weight of all property in the shipment.

The seller must tax the percentage of the delivery charge allocated to the taxable property but does not have to tax the percentage allocated to the exempt property.