

A motion by Michigan to amend the definition of delivery charges in the Library of Definitions:

Appendix C

LIBRARY OF DEFINITIONS

PART I

Administrative Definitions

“Delivery charges” means charges by the seller of personal property or services: in “preparation for delivery”, and; to reimburse the seller for the cost of transporting, shipping or mailing the personal property or service 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 or all of the following, the charges for delivery of “direct mail” if the charges are separately stated on an invoice or similar billing document given to the purchaser:

- A. The charges in “preparation for delivery”;
- B. The “delivery charges” for “direct mail”; or
- C. The “delivery charges” for printed material.

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

AM06009
12/14/06

- 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;
- 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.

“Preparation for delivery” means activities necessary for preparing the personal property or service for delivery to a location designated by the purchaser of personal property or services, including but not limited to handling, crating and packing.