

A motion by Michigan to amend the definition of “delivery charges” and add definitions of “preparation for delivery” and “delivery” 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 for “preparation for delivery,” including but not limited to handling, crating and packing, and for “delivery,” including but not limited to transportation, shipping and postage, 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, 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 for “preparation for delivery”;
- B. The charges for “delivery,” or;
- C. The “delivery charges” for “direct mail.”

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.

“Delivery” means the movement of personal property or service from possession by the seller to possession by the purchaser or the purchaser’s designee. Delivery may be accomplished using means including, but not limited to, transportation, shipping and postage.

“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.