

A motion by West Virginia, Utah and Wyoming to amend the definition of “Delivery Charges” in the Library of Definitions.

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. **“Delivery charges” does not include the actual charges for the delivery of direct mail. Member states may tax delivery of direct mail by separate imposition statute outside the delivery charge definition.**

1. A member state may exclude from “delivery charges” any of the following, if the charges are separately stated on an invoice or similar billing document given to the purchaser:

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

The exclusion of delivery charges for direct mail shall apply to any sale involving the delivery or mailing of “direct mail.”

2. **“Direct mail” means printed material delivered or distributed by United States mail or other delivery service to a mass audience or to addressees on a mailing list provided by the purchaser or at the direction of the purchaser when the cost of the items are not billed directly to the recipients. “Direct mail” includes tangible personal property supplied directly or indirectly by the purchaser to the direct mail seller for inclusion in the package containing the printed material. “Direct mail” does not include multiple items of printed material delivered to a single address;**

3. 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.

Amend Appendix C, Part I of the Library of Definitions by deleting the definition of “Direct Mail.”

Effective Dates: On [date 1] direct mail delivery charges were excluded from delivery charges as defined in the sales price definition without implication. Simultaneously, the direct mail delivery charge exclusion was removed as an optional toggle. Member states shall comply with this change no later than [date2]. Member states which enact the direct mail delivery charge exclusion do not need to make any changes in order to remain in compliance with the Agreement. After [date 2], the direct mail delivery charge exclusion is not a definition supported by the Agreement but may be regarded as guidance that the state has not enacted a separate imposition on the delivery of direct mail.

Suggested imposition language

This will not be in the Agreement as states are free to develop own language

The sales price of delivery for direct mail is subject to the tax.