

A motion by Tennessee to amend the SSUTA 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.

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;
- C. The “delivery charges” for “direct mail.” 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.