

**ADMINISTRATIVE GUIDELINES**  
**TRANSPORTATION OF GOODS**  
**Procedure 436**

It was not the intent of the CBJ Assembly to exempt from the sales tax all transactions or entities involved with the movement of freight. The following guidelines are to assist you in determining if the purchaser can claim this exemption. The full text of the exemption is as follows:

*Sales of transportation and handling services for goods rendered by sellers primarily engaged in furnishing such services, where the goods are either transported from, or delivered to, a point outside the City and Borough; provided that the retail seller of goods may not exclude transportation or handling charges from the selling price of the goods.*

To qualify for the exemption, two separate criteria must be met:

- 1) The seller must primarily be engaged in the business of providing transportation and handling services.
- 2) The seller's transportation services must originate or terminate outside the borough boundaries.

Both criteria must be met in order for the transaction to qualify for exemption from the sales tax.

If your primary business is not providing transportation and handling services, your customers will not be exempt under this exemption for your freight charges. A seller who delivers tangible personal property in his own equipment or in equipment leased by him, the freight and delivery charges shall be considered a part of the selling price subject to sales tax. Said freight and delivery charges are taxable even if billed separately.

If you provide transportation or handling services performed entirely within CBJ, your customers would not be exempt under this exemption.

See Administrative Guideline 106 for information on determining the taxability of freight charges when the transportation service is provided by common carrier, contract carrier or the United States mails.