

**ADMINISTRATIVE GUIDELINES
FREIGHT AND DELIVERY CHARGES
Procedure 106**

The CBJ Ordinance 69.05 imposes the sales tax based on the full selling price charged to the customer for tangible personal property, services, or rentals. Sellers may not deduct from the selling price the “. . . cost of property sold, the cost of materials used, labor costs, interest, discount, delivery costs . . .”

The cost of transporting the property sold to the location of the seller becomes a part of the taxable sale price of the property. In addition, 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.

Under certain circumstances, however, charges for freight and delivery may be excluded from the selling price. Freight and delivery charges may be excluded from the selling price if all three of the following requirements are met:

- 1) Freight and delivery occurs by means of common carrier, contract carrier or the United States mails. "Common carrier" is any person who transports persons or property for the general public for hire. A "contract carrier" is a person operating under an individual contract or agreement with another person to transport persons or property for hire. There are no circumstances under which the seller of tangible personal property can be a common or contract carrier with respect to that property, and
- 2) Exact amount of the transportation charge billed by the common carrier, contract carrier or the United States mails is billed to the purchaser*, and
- 3) Separately stated **

*Estimated transportation charges would not be exempt from the sales tax and must be included in the total selling price before sales tax is calculated.

**The cost of freight and delivery is not separately stated when it is combined with charges for other services as in the case of a "shipping and handling" or "postage and handling" charge.

Freight and delivery charges that do not meet the above requirements are fully taxable.

CBJ 69.05.010 (6)
CBJ 69.05.020