

Question: How many states impose the state sales tax on shipping and postage charges associated with the sale of tangible personal property?

In Colorado, the law with respect to the imposition of sales tax on the delivery services associated with the purchase of tangible personal property is the following:

The transportation of tangible personal property between a retailer and purchaser is a service presumed NOT to be subject to sales or use tax. Transportation charges are not taxable if they are both (1) separable from the sales transaction, and (2) stated separately on a written invoice or contract. (Colorado Department of Revenue)

Across the nation, the law varies somewhat state by state. However, in general, transportation charges are either included in the tax base, albeit with some exceptions such as the case in which the goods being transported are themselves exempt from tax, or excluded from the tax base, generally under similar conditions to those stated in Colorado law. The split nationally is almost half and half, with 23 states generally subjecting transportation charges to sales tax and the remaining 27 states excluding such charges from the base.

Among Colorado's neighboring states, Kansas, Nebraska, New Mexico, and Oklahoma subject delivery charges to the state sales tax. Delivery charges are generally not taxable in Wyoming, Utah, and Arizona.

The attached .pdf file summarizes the law across the nation.

CCH Smart Charts™

Multistate Sales Tax

Tax Base >

Shipping Charges

The following chart indicates whether shipping and postage charges in conjunction with the sale of tangible personal property are included in the tax base.

State	Shipping Charges	Comments	Citation	CCH ¶
Alabama	Excluded if (1) charges are separately stated and paid by the purchaser, and (2) delivery is by common carrier or the U.S. Postal Service.	Transportation charges are not separate and identifiable if included with other charges and billed as "shipping and handling" or "postage and handling."	<u>Ala. Admin. Code</u> 810-6-1-1/8	61-150
Arizona	Excluded if charges are separately stated.		<u>Ariz. Admin. Code</u> R15-5-133	61-150
Arkansas	Included	If shipment includes both exempt and taxable property, the seller should allocate the delivery charge and must tax the percentage allocated to the taxable property. Charges billed to buyer by a carrier other than the seller are excluded.	<u>Ark. Reg.</u> GR-18	61-150
California	Excluded if charges are separately stated and delivery is by common carrier or the U.S. Postal Service.		<u>18 CCR</u> 1628	61-150
Colorado	Excluded if charges are (1) separable from the sales transaction, and (2) separately stated.		<u>Special Reg.</u> 18	61-150
Connecticut	Included	Charges to deliver exempt items are excluded.	<u>Conn. Gen. Stat.</u> 12-407 (a)(8)	61-150
District of Columbia	Excluded if charges are separately stated and delivery occurs after the sale.		<u>D.C. Code Ann.</u> 47-2001(p)(1)	61-150
Florida	Excluded if charges are (1) separately stated, and (2) optional.	Charges for transportation after title passes to the buyer are also excluded.	<u>Fla. Admin. Code Ann.</u> 12A-1.045	61-150
Georgia	Excluded if transportation occurs after title passes to the buyer.		<u>Ga. Comp. R. & Regs.</u> 60-12-2-35	61-150
Hawaii	Included	Charges for items shipped outside the state are excluded.	<u>Haw. Rev. Stat.</u> 5237-13(1)(C)	61-150
Idaho	Excluded if charges are separately stated.	Charges by a manufactured homes dealer to transport the home to a buyer are included.	<u>Idaho Code</u> 563-2613(b)(7)	61-150
Illinois	Excluded if charges are separately contracted.		<u>Ill. Admin. Code tit. 86</u> 5130-415	61-150
Indiana	Included	If shipment includes both exempt and taxable property, the seller should allocate the delivery charge and must tax the percentage allocated to the taxable property.	<u>Ind. Code</u> 46-2-5-1-5(a)(4)	61-150
Iowa	Excluded if charges are separately contracted for and separately stated.	If shipment includes both exempt and taxable property, the seller should allocate the delivery charge and must tax the percentage allocated to the taxable property.	<u>Iowa Code</u> 423.14(7)	61-150
Kansas	Included	If shipment includes both exempt and taxable property, the seller should allocate the delivery charge and must tax the percentage allocated to the taxable property.	<u>Kan. Stat. Ann.</u> 579-2602(j)	61-150
Kentucky	Included	If shipment includes both exempt and taxable property, the seller should allocate the delivery charge and must tax the percentage allocated to the taxable property.	<u>Ky. Rev. Stat. Ann.</u> 5109-050(3)(d)	61-150
Louisiana	Excluded if charges are separately stated and delivery occurs after the sale.		<u>La. Admin. Code</u> 14:61.54301	61-150

Maine	Excluded if (1) shipment is made direct to the purchaser, (2) charges are separately stated, and (3) the transportation occurs by means of common carrier, contract carrier or the United States mail.	Me. Rev. Stat. Ann. tit. 36, §1752(14)(B)(7)	61-150	
Maryland	Excluded if charges are separately stated.	Md. Code Ann. §11-1016(3)(1)	61-150	
Massachusetts	Excluded if charges (1) reflect the costs of preparing and delivering goods to a location designated by the buyer, (2) are separately stated on the invoice to the buyer, and (3) are set in good faith and reasonably reflect the actual costs incurred by the vendor.	Department of Revenue Directive 04-5, Massachusetts Department of Revenue, July 7, 2004	61-150	
Michigan	Excluded if charges are separately stated and incurred after the transfer of ownership to the purchaser.	Charges incurred prior to the transfer of ownership are taxable, unless the retailer is engaged in a separate delivery business. If shipment includes both exempt and taxable property, the seller should allocate the delivery charge and must tax the percentage allocated to the taxable property. If shipment includes both exempt and taxable property, the seller should allocate the delivery charge on the basis of the sales price or weight of the property being delivered and must tax the percentage allocated to the taxable property.	Mich. Comp. Laws §205.51(1)(d), RAB 2002-11, Mich. Admin. Code R205.124	61-150
Minnesota	Included	Minn. Stat. §297A.017(5a), Revenue Notice 05-13	61-150	
Mississippi	Included	Miss. Sales and Use Tax Rule 42	61-150	
Missouri	Excluded if charges are (1) separately stated, and (2) optional.	Mo. Code Regs. Ann. §12, §10-103.600	61-150	
Nebraska	Included	If shipment includes both exempt and taxable property, the seller should allocate the delivery charge and must tax the percentage allocated to the taxable property. Shipping charges paid to a person other than the retailer are exempt.	Neb. Rev. Stat. §77-2701.16(1)	61-150
Nevada	Excluded if (1) charges are separately stated, and (2) title passes to the purchaser before shipment pursuant to a written agreement.	If shipment includes both exempt and taxable property, the seller should allocate the delivery charge and must tax the percentage allocated to the taxable property.	Nev. Admin. Code ch. 372, §301	61-150
New Jersey	Included	N.J. Stat. Ann. §64:32B-2	61-150	
New Mexico	Included	N.M. Admin. Code tit. 3, §2.1.15	61-150	
New York	Included	Separately stated charges to ship promotional materials are excluded.	N.Y. Tax Law §1101	61-150
North Carolina	Included	If shipment includes both exempt and taxable property, the seller should allocate the delivery charge and must tax the percentage allocated to the taxable property.	N.C. Gen. Stat. §105-164.3(37)	61-150
North Dakota	Included	Shipping charges are excluded if the product being shipped is exempt. If shipment includes both exempt and taxable property, the seller should allocate the delivery charge and must tax the percentage allocated to the taxable property.	N.D. Admin. Code §81-04.1-01-10	61-150
Ohio	Included	If shipment includes both exempt and taxable property, the seller should allocate the delivery charge and must tax the percentage allocated to the taxable property. Charges paid by customer to delivery company (not imposed/collected by retailer) are not taxable.	Ohio Rev. Code Ann. §5739.010(3)(a)(v)	61-150

Oklahoma	Included	If shipment includes both exempt and taxable property, the seller should allocate the delivery charge and must tax the percentage allocated to the taxable property. Excluded where separately stated.	Okla. Stat. tit. 68, §1352(11)	61-150
Pennsylvania	Included	Charges made in conjunction with nontaxable transactions are excluded. Charges for delivery made and billed by someone other than seller of item being delivered not taxable.	72 P.S. §7201(g)(1), 61 Pa. Code §54.1	61-150
Rhode Island	Included		R.I. Gen. Laws §44-18-12(a)(v)	61-150
South Carolina	Included	Charges for transportation after title has passed to the purchaser are excluded.	11 S.C. Code Ann. Regs. 117-310	61-150
South Dakota	Included	If shipment includes both exempt and taxable property, the seller should allocate the delivery charge and must tax the percentage allocated to the taxable property. Freight charges paid directly to freight company (not to seller) by purchaser are exempt.	S.D. Admin. R. 64-06-02-04	61-150
Tennessee	Excluded if transportation occurs after title passes to the buyer.	Provisions conforming to the Streamlined Sales and Use Tax Agreement take effect July 1, 2007.	Tenn. Comp. R. & Regs. 1320-5-1-71	61-150
Texas	Included	Shipping charges incident to the sale or lease/rental of taxable tangible personal property or the performance of taxable services that are billed by the seller/lessor to the purchaser/lessee are taxable. A third-party carrier that only provides transportation and does not sell the item being delivered is not responsible for collecting tax.	Tex. Tax Code Ann. §151.007	61-150
Utah	Excluded if charges are separately stated.	If shipment includes both exempt and taxable property, the seller should allocate the delivery charge and must tax the percentage allocated to the taxable property. Effective July 1, 2006, transportation by common carrier is exempt.	Utah Code Ann. §59-12-102(66)	60-740, 61-150
Vermont	Included		Vt. Stat. Ann. tit. 32, §9701(d), (26)	61-150
Virginia	Excluded if charges are separately stated.		Va. Code Ann. §58.1-609.5	61-150
Washington	Included	Charges incurred after purchaser has taken receipt of the goods and charges to deliver exempt items are excluded.	Wash. Admin. Code §458-20-110	61-150
West Virginia	Excluded if (1) delivery is by common carrier, and (2) the customer pays the delivery charge directly to the carrier.		W. Va. Code St. R. §110-15-69	61-150
Wisconsin	Excluded if (1) charges are separately stated and (2) delivery occurs after the sale.	If shipment includes both exempt and taxable property, the seller should allocate the delivery charge and must tax the percentage allocated to the taxable property.	Wis. Stat. §77.51(4)(b)(5), Tax Bulletin No. 145	61-150
Wyoming	Excluded	If shipment includes both exempt and taxable property, the seller should allocate the delivery charge and must tax the percentage allocated to the taxable property.	Wyo. Stat. Ann. §39-15-105(a)(0)(A)	61-150

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