

**SECTION 38 - TRANSPORTATION OR DELIVERY CHARGES****38-1 SHIPMENTS FROM WITHIN OR FROM OUTSIDE NORTH CAROLINA**

- A.** All freight, delivery or other transportation charges in any way connected with or arising by reason of any taxable sale or purchase of tangible personal property are subject to sales or use tax or to the privilege tax, regardless of whether such charges are billed separately or are separately stated on the invoice.
- B. Effective October 1, 2004,** delivery charges for delivery of “**direct mail**,” as defined in G.S. 105-164.3(7a), are exempt from the sales or use tax if the charges are separately stated on an invoice or similar billing document given to the purchaser.

History Note: Authority G.S. 105-164.3; 105-164.6; 105-164.12; 105-164.13; 105-264;  
Issued: June 1, 1996;  
Revised: April 1, 2008; July 1, 2007; July 1, 2005; June 1, 2002.

**38-2 DELIVERY CHARGES****A. Definition**

“**Delivery charges**” are “charges imposed by the retailer for preparation and delivery of personal property or services to a location designated by the consumer.” The charges include, but are not limited to, transportation, shipping, postage, handling, crating, and packing.

**B. Allocation of Charges**

If a shipment includes exempt property and taxable property, the vendor should allocate the delivery charge by using:

1. a percentage based on the total sales price of the taxable property compared to the total sales prices of all property in the shipment; or
2. a percentage based on the total weight of the taxable property compared to the total weight of all property in the shipment.

The vendor 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.

History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-264;  
Issued: July 1, 2005.