FREIGHT OR TRANSPORTATION CHARGES

CHARGES BY TRANSPORTATION COMPANIES

Charges by freight or transportation companies (i.e., trucking companies, railroads, etc.) are not subject to sales and use tax. The operators are not required to obtain a retail license nor are they required to collect taxes from their customers.

COSTS INCURRED BY RETAILERS

Freight or transportation costs incurred by retailers to get merchandise (tangible personal property) to their place of business are not deductible by the retailer.

COSTS INCURRED IN DELIVERING MERCHANDISE

Freight or transportation costs incurred in delivering merchandise (tangible personal property) from retailers to their customers are includible in the measure of the sales or use tax if:

- the retailer's shipping terms are **FOB Destination** or other terms whereby title (ownership) transfers to the customer at the customer's location; or if

- the retailer uses his own vehicle to make delivery.

Freight or transportation costs are not includible in the measure of the tax if the retailer's shipping terms are **FOB Point of Origin** or other terms whereby title (ownership) transfers to the customer at the retailer's location.