

Delivery charges

Delivery charges includes charges for shipping and handling, postage, freight, transportation, drayage, transfer, crating, packing, wrapping, parcel post, portage, loading, rigging, lading, tonnage, weight, burden, and documentation. Delivery charges can vary by weight, size, fragility, and speed of shipping.

Delivery charges by a seller are part of the selling price whether they are billed separately, itemized on the sales invoice, or the seller is also the carrier. The seller may not deduct or exclude the cost of delivery.

Sales tax on delivery charges

Retail sales tax applies to delivery charges on products that are subject to retail sales tax.

Delivery charges on wholesale sales

When items are sold at wholesale, then the delivery charge is not subject to retail sales tax. The charge **would** be included in the gross income that is subject to business and occupation (B&O) tax under the wholesaling classification.

Exemptions

If the sale of the goods is exempt from retail sales tax, then the delivery charge is also exempt from retail sales tax.

When the sale includes taxable and nontaxable goods

If a single delivery charge is added to a sale that includes both taxable and nontaxable goods, then retail sales tax will only be applied to a percentage of the delivery charges.

To determine what percentage of the delivery charge is taxable, the seller may use one of the following calculations:

- A percentage based on the total sales price of the taxable goods, compared to the total sales price of all the goods in the shipment.

- A percentage based on the total weight of the taxable goods, compared to the total weight of all goods in the shipment.

Use tax

If the seller did not include sales tax on delivery charges for a product subject to sales tax, then use tax is due.

References:

RCW 82.08.010 - Definitions

RCW 82.08.145 - Delivery charges

WAC 458-20-110 - Delivery charges



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