

Transportation and Delivery Charges
Retailer's Occupation Tax
Illinois Department of Revenue

Outgoing transportation and delivery charges are charges for the final transport or delivery of tangible personal property from the possession and control of the seller to the possession and control of the purchaser.

Outgoing transportation and delivery charges are part of the gross receipts subject to Retailers' Occupation Tax when there is an inseparable link between the sale of tangible personal property and the outgoing transportation and delivery of the property.

An inseparable link exists when the transportation and delivery charges are not separately identified to the purchaser on the contract or invoice, or when the transportation and delivery charges are separately identified to the purchaser on the contract or invoice, but the seller does not offer the purchaser the option to receive the tangible personal property in any manner except by the payment of transportation and delivery charges added to the selling price of the item (e.g., the seller does not offer the purchaser the option to pick up the tangible personal property or the seller does not offer, or the purchaser does not qualify for, a free transportation and deliver option).

- ✓ Does the purchaser have the option to purchase the tangible personal property for the stated selling price, with no added transportation and delivery charge, or must transportation and delivery charges always be added to the selling price of the item in order to obtain the item?

Except for cases in which an inseparable link exists, outgoing transportation and delivery is considered a service separate and distinct from the sale of tangible personal property that is being transported or delivered and is excluded from the gross receipts subject to Retailers' Occupation Tax.

- ✓ If a seller of tangible personal property offers the purchaser free transportation and delivery of the property, qualified transportation and delivery of the property for which the purchaser qualifies, or the option to pick up the property, any separately identified transportation and delivery charges chosen by the purchaser will be nontaxable, as long as the selling price of the tangible personal property neither increases nor decreases depending on the method chosen by the purchaser to obtain the merchandise.

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