



---

## Freight, Delivery and Transportation

---

The act of shipping tangible personal property is a service, and when it is performed as a stand-alone transaction, it is exempt from Lakewood sales or use tax. However, when the act of shipping is combined with a retail sale of taxable property, a charge for shipping may become part of the selling price of the product and may be taxable.

Transportation charges include carrying, handling, delivery, mileage, freight, postage, shipping, trip charges, stand-by, and similar charges.

---

### Taxation and Point of Title Transfer

The taxation of transportation charges on tangible personal property is dependent upon the point at which the title transfers.

- ❖ **Shipping Point** – Occurs when the buyer takes title once the goods leave the supplier's shipping dock ("F.O.B. Shipping Point"):
  - If the transportation costs do not appear on the seller's invoice, then the cost of transportation paid by the purchaser to the carrier is not subject to tax.
  - If the invoice allows a credit for transportation charges paid or to be paid by the purchaser, then the sales tax shall be computed on the net invoice charge.
- ❖ **Destination Point** – Occurs when the buyer takes title once the goods arrive at the buyer's receiving dock. Sales tax shall be computed on the total charges, even though the seller bills the purchaser separately for the freight charges.

---

### Examples

1. Customer A purchases a television from a licensed Lakewood retailer who charges her a fee for delivery to her home in Lakewood. The delivery charge, in addition to the purchase price paid for the television, is subject to City sales tax.
2. Business B is a small accounting & bookkeeping firm in Lakewood. Business B purchases three computers for firm use from a vendor outside the City. In addition to the price of the computers, the vendor charges a shipping and handling fee, but does not collect City sales tax. Business B must report and pay use tax on the purchase price of the computers, including the shipping and

handling fee, on the next periodic City sales/use tax return (Schedule A/Line 8).

3. Business C purchases checks via the Internet from a licensed Lakewood retailer to be sent to Business C's offices in Lakewood. The retailer separately states postage and handling. Although the retailer properly collected sales tax on the price of the checks, it failed to collect tax on the postage and handling fee. Since the shipping and handling were separately stated and tax was not assessed on it, a use tax liability would be created for Business C. Business C must report and pay the use tax on the next periodic City sales/use tax return (Schedule A/Line 8).
4. Business D purchases tools from a Westminster retailer. Business D hires a third-party freight company to deliver the tools to its Lakewood facility. Because title passes to Business D when the freight company picks up the shipment in Westminster, Westminster sales tax is assessed on the price of the tools only. Business D must report and pay a use tax on the difference between Westminster's municipal rate and Lakewood's municipal rate on the next periodic City sales/use tax return (Schedule A/Line 8), but is not obligated to pay use tax on the delivery charges.
5. Business E hires a courier service to deliver a set of building plans across town. The delivery charge is not combined with the sale of tangible personal property and thus is not taxable.

---

### Related Topics

Deliveries Outside of the City  
Deliveries of Food and Flowers  
Sales Tax  
Use Tax

---

### Citations

*Lakewood Municipal Code*  
§ 3.01.020 Definitions – Price or Purchase Price, Sales Tax, Use Tax  
§ 3.01.120 Property and services taxed (sales tax)  
§ 3.01.130 Collection of sales tax  
§ 3.01.140 Sales tax base – Schedule of sales tax  
§ 3.01.200 Map or location guide of city boundaries

- § 3.01.205 Electronic database
- § 3.01.210 Property and services taxed (use tax)
- § 3.01.220 Collections of use tax

*Regulations*

- § 3.01.020(27)(6) Purchase Price
- § 3.01.210 Use tax
- § 3.01.220(1) Use tax reporting
- § 3.01.230(1) Imposition of a use tax

*Special Regulations*

Freight, Delivery and Transportation

THIS GUIDANCE IS A SUMMARY IN LAYMEN'S TERMS OF THE RELEVANT LAKEWOOD TAX LAW FOR THIS TOPIC, INDUSTRY, OR BUSINESS SEGMENT. IT IS PROVIDED FOR THE CONVENIENCE OF TAXPAYERS AND IS NOT BINDING UPON THE CITY. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE LAKEWOOD MUNICIPAL CODE AND APPLICABLE RULES AND REGULATIONS. THIS GUIDE DOES NOT CONSTITUTE A CITY TAX POLICY.

---

**Contact Us**

For additional assistance, please contact us:

City of Lakewood  
Revenue Division  
480 S. Allison Parkway  
Lakewood, CO 80026

(303) 987-7630

[www.lakewood.org](http://www.lakewood.org)