

Revenue Information Bulletin No. 25-025**October 1, 2025****Sales and Use Tax****Taxability of Transportation Charges****Purpose**

This Revenue Information Bulletin (RIB) is issued to clarify the application of Louisiana state and local sales and use taxes to transportation charges (including shipping, freight, and delivery) in transactions involving the sale or purchase of tangible personal property and digital products.

Transportation Charges Included in Cost Price and Sales Price

Pursuant to Louisiana law, the definitions of “cost price”¹ and “sales price”² both expressly include transportation charges. Accordingly:

- Transportation charges paid to a seller for the delivery of tangible personal property or digital products purchased from that seller are subject to Louisiana state and local sales and use taxes.³
- This applies regardless of whether the charges are separately stated or included in the total price.

Exempt and Excluded Transactions

If the underlying transaction is excluded (e.g., sale for resale) or exempt (e.g., purchase of manufacturing machinery and equipment under La. R.S. 47:301(3)(i)), the associated transportation charges are also excluded or exempt. This is because transportation charges are considered part of the total cost price or sales price of the exempt transaction.

Example 1: An invoice includes:

- \$500 for the sale of equipment to a state government entity (exempt from sales tax under La. R.S. 47:305.7(A)(1)(a)), and

¹ La. R.S. 47:301(3).

² La. R.S. 47:301(13).

³ The definitions of “cost price” and “sales price” do not apply to leases, rentals, or services.

- \$50 delivery charge.

The \$50 delivery charge is not taxable because the transaction is exempt from sales and use tax.

Mixed Transactions – Taxability of Entire Transportation Charge

When an invoice includes both taxable and non-taxable items, and a single transportation charge is applied, the entire transportation charge is subject to tax if any portion of the transaction is taxable.

Example 2: An invoice includes:

- \$50 for food for home consumption (exempt)
- \$50 for taxable goods
- \$10 delivery charge.

The entire \$10 delivery charge is taxable because it is associated with a taxable transaction. If taxable and nontaxable items are invoiced separately, only the delivery charges on the invoice with taxable items are subject to sales tax. However, a dealer cannot avoid tax by improperly shifting delivery charges for taxable items to the nontaxable invoice.

Third-Party Delivery Charges

Transportation charges are not taxable if:

- The purchaser contracts directly with a third-party carrier for delivery; or
- The seller contracts with a third-party carrier but does not charge the purchaser for delivery.

However, if the seller passes through delivery charges incurred from a third-party to the purchaser, those charges become part of the sales price and are subject to tax.

Leases and Rentals

In contrast to sales transactions, sales tax on leases and rentals is imposed on the “gross proceeds derived from the lease or rental.”⁴

- Transportation charges are not considered part of the gross proceeds.

⁴ La. R.S. 47:302(B), 321(B), 321.1(B), and 331(B).

- Therefore, separately stated transportation charges related to the delivery of leased or rented property are not subject to sales and use tax.

Services

Sales tax on services is imposed on “the amounts paid or charged for such services.”⁵ Transportation charges are not considered part of the amount paid or charged for the taxable service. Separately stated transportation charges related to the sale of a service are not taxable.

Questions concerning this Bulletin should be directed by e-mail to PolicySales@la.gov.

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Secretary

⁵ La. R.S. 47:302(C), 321(C), 321.1(C), and 331(C).

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