

ALABAMA DEPARTMENT OF REVENUE  
REVENUE RULING 98-013

**This document may not be used or cited as precedent. Code of Ala. 1975, §40-2A-5(a) (1993 Replacement Volume).**

TO:

FROM: Commissioner of Revenue  
Alabama Department of Revenue

DATE: April 7, 1999

RE: The applicability of Alabama Sales and Use Tax to charges for printing and mail shop services and the amount charged by the Taxpayer to clients for mail pieces, excluding postage charges, that are delivered to the addressee in Alabama.

**ISSUES AND FACTS**

The facts as represented by Requestor are as follows:

The Taxpayer is engaged in the business of providing campaign mailings for political candidates. Most of the Taxpayer's clients are located outside the State of Alabama. The Taxpayer conducts business in the following manner.

1. The Taxpayer is referred clients by the clients' political consultants. There is no business relation between the Taxpayer and the consultants.
2. After the referral, the Taxpayer will contract directly with its clients to deliver a specified number of mail pieces to a list of recipients provided by the client.
3. The Taxpayer will take a concept provided by the client and produce a finished design ready for the printer. The final design is approved by the client.

4. The Taxpayer then contracts for the printing of the mail piece. The printer will be located in either Alabama or Tennessee. The printer will be hired and paid by the Taxpayer.
5. The Taxpayer will then contract for the addressing of the mail pieces and preparing the pieces for mailing. The mail shop will be located in either Alabama or Tennessee. The mail shop will be hired and paid by the Taxpayer.
6. The Taxpayer will then cause the mail piece to be delivered to the U.S. Post Office for delivery to the specified recipients. With a few exceptions, the recipient of the mailing will not be located in the state (i.e. Alabama or Tennessee) in which the printer and mail shop are located. The bulk mail may either be delivered to the U.S. Post Office in the state where the printer and mail shop are located or dropped-shipped by common carrier to the U.S. Post Office where the recipients are located. The bulk mail delivered to the U.S. Post Office outside of Alabama by common carrier is to be shipped "F.O.B. destination," but a contract between the Taxpayer and its client provides that the risk of loss does not pass to the client until a mail piece reaches its intended recipient.

The Taxpayer will be paid a fixed price per piece which includes everything except postage. The postage will either be billed separately and paid through the bulk mail permit of the mail shop or will be paid to the bulk mail permit of the client.

The request for a ruling concerns:

1. Whether Alabama sales or use tax will be due upon the charges for printing and mail shop services.
2. Whether Alabama sales tax will be due upon the amount that the Taxpayer charges clients for mail pieces, with the exception of the postage charge, that are delivered to ultimate recipients who are located in Alabama.

With respect to the issues raised in the request for a ruling, no Alabama sales or use tax will be due upon the charges for printing and mail shop services which are billed to the Taxpayer. However, Alabama sales or use tax will be due upon amounts charged by the Taxpayer to the client, excluding postage charges billed or invoiced separately, for mail pieces delivered to ultimate recipients located in Alabama. No Alabama sales or use tax will be due upon amounts charged by the Taxpayer to the client for mail pieces delivered to the ultimate recipients who are located outside the State of Alabama.

The Alabama Department of Revenue has promulgated certain regulations which are pertinent to the facts presented. Rule 810-6-1-.52 addresses the printer's liability for

direct mail advertising pieces. When the printer is located outside Alabama and the printed material is required to be delivered to addressees within Alabama, use tax is due. When the printer is located within Alabama, sales tax is due on the printed material delivered to addressees within Alabama. No sales tax is due on printed materials addressed to persons outside of Alabama since those sales qualify for an exemption as sales made outside Alabama. Rule 810-6-3-.35.02 provides that when a buyer contracts with a common carrier or the United States Postal Service to accept goods in this state for delivery outside this state at the buyer's direction, the sale is not subject to Alabama sales tax. Rule 810-6-1-.178 provides that in order for transportation charges to be excluded from the measure of tax, the transportation charge must be separate and identifiable from other charges. Transportation charges are not separate and identifiable when the postage charges are commingled with other charges and billed as "postage and handling".

#### **HOLDING**

Based upon the particular set of facts as presented in the request, no Alabama sales or use tax will be due upon charges for printing and mail shop services which will be billed to the Taxpayer.

Alabama sales or use tax will be due on the amounts charged by the Taxpayer to its client for the mail pieces which are delivered to ultimate recipients located in Alabama. In this instance, the Taxpayer is acting as the agent of the client and it will be responsible for the remittance of sales or use tax only on those mailed pieces which are delivered to ultimate recipients within Alabama. Postage charges, which are separately stated and not commingled with any other charges, will be excluded from the taxable measure.

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JAMES P. HAYES, JR.  
Commissioner of Revenue

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