

# Containers, Cartons & Wrapping Materials

## Containers

**Definition.** “Containers means the articles and devices in which tangible personal property is placed for shipment and delivery, such as wrapping materials, bags, cans, twines, gummed tapes, barrels, tote boxes, pallets, racks, bottles, drums, carboys, cartons, sacks, and materials from which such containers are manufactured.

Sales of containers, cartons and wrapping materials

1. Sales of containers to persons regularly engaged in rendering a service are taxable.
2. Sales of containers to persons for resale are exempt. If a separate charge is made for the sale of a container to a person, other than for resale, the receipts from the sales are taxable.
3. Sales of containers to a person, such as a manufacturer, wholesaler, jobber, or retailer, who uses the containers to ship or deliver goods, and who retains the ownership or legal right of possession of the containers, are taxable.
4. Sales or purchases, for a single use only, of bracings, blocking, skidding, shoring, and other materials, commonly known as “dunnage”, are taxable when used in the shipment of a product to a customer.
5. Deposits on a returnable container for a beverage, or the deposit on a carton or case which is used for returnable beverage containers, are not taxable when sold in conjunction with a sale of a beverage.

## Sales of Machinery and/or Equipment Used in Shipping or Wrapping Goods

Machinery used to wrap, bind, seal, close or otherwise aid in the shipping of tangible personal property is taxable. However, if the equipment is necessary to prevent damage, spoilage, and adulteration, the sale may be exempt. Also, if the machinery or equipment used to prepare the goods for shipping was used prior to the goods coming to rest in finished goods inventory, they would qualify for the industrial processing exemption.

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