

## REG-1-108, Bundled Transactions

108.01 Receipts from the sale of bundled transactions are taxable when one or more of the products included in the bundle are taxable.

108.02 Bundled transaction means the retail sale of two or more distinct and identifiable products which are sold for one, nonitemized price.

108.02A Bundled transactions do not include sales involving real property or services to real property.

108.02B The following items are not considered distinct and identifiable products for purposes of determining if a bundled transaction exists:

108.02B(1) Containers, boxes, sacks, bags, labels, tags, and other packaging that accompanies the sale of the product;

108.02B(2) Products provided free-of-charge with the required purchase of another product; and

108.02B(3) Components of the Sales Price definition found in Reg-1-007.01S.

108.02C The term "one nonitemized price" does not include transactions where:

108.02C(1) The sales price varies with the purchaser's selection of products; or

108.02C(2) The sales price is separately identified by product on binding sales documents or other sales-related documents such as invoices, bills of sale, receipts, contracts, service agreements, and price lists made available to the purchaser in either paper or electronic form.

108.03 A transaction which otherwise meets the definition of a bundled transaction is not a bundled transaction if it is:

108.03A The retail sale of tangible personal property and a service where the tangible personal property is essential to the use of the service, is provided exclusively in connection with the service, and the true object or main product of the transaction is the service, or

108.03B The retail sale of services where one service is provided that is essential to the use or receipt of a second service the first service is provided exclusively in connection with the second service, and the true object or main product of the transaction is the second service, or

108.03C A transaction that includes taxable products and nontaxable products and the seller's cost or sales price of the taxable products is de minimis.

108.03C(1) De minimis means the taxable product is 10% or less of the total seller's cost or sales price.

108.03C(2) Sellers must use the full term of a service contract to determine if the taxable products are de minimis.

108.04 The determination as to whether a product is the true object or main product of a transaction will involve factors such as the business of the seller and the purchaser's object in engaging in the transaction.

108.05 Bundled transaction does not include the retail sale of food and food ingredients, drugs, over-the-counter drugs, durable medical equipment, mobility enhancing equipment, prosthetic devices, or home medical supplies which are sold for one nonitemized price with taxable property where the seller's cost or sales price of the exempt items is more than 50% of the seller's total cost or sales price of the bundle.

108.06 A seller of bundled transactions which include any telecommunications services, ancillary services, internet access, or audio or video programming services may identify in its books and records the sales price of any nontaxable products and collect and remit tax on only the sales price of the taxable products in the bundle. If the price attributable to the nontaxable products is not reasonably identifiable and verifiable, the entire charge for the bundled transaction is taxable.

*(Sections 77-2703 and 77-2701.48, R.S.Supp. 2008. February 22, 2009.)*