



Interpretation 2023.01

Definition and Taxation of Bundled Transactions

Issue:

What is a bundled transaction and how should a bundled transaction be taxed by remote sellers?

Background:

Tax treatment of bundled transactions can prove challenging to sellers, depending on if the different pieces of a bundled transaction are subject to sales tax in the taxing jurisdiction.

Currently, the Uniform Remote Seller Sales Tax code (“Uniform Code”) does not provide a definition for a bundled transaction. This interpretation will provide general guidance on tax treatment of bundled transactions in lieu of a formal definition in the Uniform Code.

Guidance

For purposes of this interpretation, the following definition will provide a basis for what is considered a bundled transaction: *A bundled transaction is the retail sale of two or more goods or services where (1) the goods or services are otherwise distinct and identifiable, and (2) the goods or services are sold for one non-itemized price.*

ARSSTC member jurisdictions each provide for broad taxation on sales of goods, sales of services and rentals. A transaction is only exempted from municipal sales tax if a transaction clearly falls under a specific exemption.

Applying this broad taxation principle to bundled transactions, remote sellers should consider any bundled transaction subject to sales tax if one or more pieces of the bundle are subject to sales tax, i.e. not specifically exempted.

If a piece of the bundled transaction is specifically exempted under the municipality’s sales tax code and the seller wishes to exempt that portion of the bundle, it should: 1) separate the bundle, 2) price each item separately, and 3) tax each item separately.

For questions regarding taxability on specific bundled transactions:

- Contact the ARSSTC at 907-790-5300 / email: amstp@akml.org or,
- Contact the municipality directly-see our website [here](#) for a current list of jurisdiction contacts or,
- Reference the ARSSTC tax look-up database at <https://alaska.ttr.services/> for the jurisdiction in question.