



Cartons, Containers, and Packaging Materials

Introduction

Cartons, containers, wrapping and packaging materials and supplies that a vendor uses in packaging tangible personal property for sale are exempt from sales tax when these materials are actually transferred by the vendor to the purchaser.

For purposes of this bulletin:

- The term *vendor* refers to any person who sells tangible personal property, including a manufacturer, wholesaler, retailer, processor, or assembler.
- The term *purchaser* refers to any person purchasing tangible personal property from a vendor, whether or not he or she is the ultimate consumer.
- The term *actually transferred* means that the packaging material is physically transferred to the purchaser along with the item, and can be disposed of as the purchaser wishes.

Exempt purchases

Sales of tangible personal property

When actually transferred with the sale of tangible personal property to a purchaser, the following are examples of exempt *packaging materials*:

- bags
- barrels
- baskets
- bottles
- boxes
- cans
- carboys
- cartons
- cellophane
- coatings and preservatives
- crates
- cylinders
- drums
- glue
- kegs
- labels
- lumber used for blocking
- pails
- pallets
- reels
- sacks
- spools
- staples
- strapping
- string and twine
- tape
- wax paper
- wrapping paper

Example: A manufacturer sells goods in bulk and ships them in corrugated cardboard cartons to a retailer. The retailer uses the cartons as temporary storage containers then removes the goods and discards the cartons. The cartons are not subject to tax.

Sales of taxable services

Cartons, containers, and other packaging materials actually transferred to a customer in conjunction with the performance of a taxable service are excluded from sales tax as purchases for resale.

Example: A watch repair person purchases boxes and cushioning material to use when returning repaired watches to customers. The box and packing material are not taxable because they are purchased for resale.

Taxable purchases

The following items **do not qualify** for the exemption for packaging materials and are not purchases for resale:

- returnable containers, such as kegs, drums, barrels, or acid carboys, when purchased at retail by a person who does not transfer ownership of the container;
- cartons or other packaging materials purchased by a vendor for his own use or consumption;
- racks, trays, or similar devices used to facilitate delivery of a vendor's product if such devices are not transferred with the product to the purchaser; and
- packaging materials used in connection with providing exempt services.

Example: A keg of beer is required to be returned to the vendor after its contents are emptied. Since the keg is not actually transferred to the purchaser of the beer, the vendor is required to pay sales tax on its purchase of the keg.

Example: A baking company delivers bread to a grocer in trays. After unloading, the deliveryman takes the trays with him. Since the trays are purchased to facilitate delivery, they are taxable to the baking company.

Example: A dry cleaner purchases rolls of plastic bags to package clean garments. Since dry cleaning services are not taxable, the purchases of the bags are subject to tax.

Example: Protective coverings purchased by carriers or movers for their own use in performing exempt moving services are subject to tax. (See also [Tax Bulletin Household Movers and Warehouseurs - Sales of moving services and related transactions \(TB-ST-341\)](#).)

Purchases by restaurants and other eating establishments

Containers and other materials that hold food or drinks transferred to a purchaser of the food or drink may be purchased for resale without payment of sales or use taxes.

Examples of these containers are:

- cups and lids,
- sandwich wrappers,
- food sleeves,
- disposable plates, and
- paper bags.

To claim the exemption, the restaurant or other eating establishment should give its supplier a completed [Form ST-120, Resale Certificate](#).

However, the following items may not be purchased for resale and do not qualify as exempt packaging materials or supplies:

- napkins,
- straws,

- stirrers,
- plastic knives, forks, spoons, and
- similar items.

These items are subject to tax at the time of purchase by a restaurant or other eating establishment.

Example: A restaurant purchases napkins, straws, and plastic cutlery. Since these items do not become part of the products sold and are not used to package the product, they are subject to tax.

See also Tax Bulletin [Purchases by Restaurants, Taverns, and Similar Establishments \(TB-ST-695\)](#).

Note: A Tax Bulletin is an informational document designed to provide general guidance in simplified language on a topic of interest to taxpayers. It is accurate as of the date issued. However, taxpayers should be aware that subsequent changes in the Tax Law or its interpretation may affect the accuracy of a Tax Bulletin. The information provided in this document does not cover every situation and is not intended to replace the law or change its meaning.

References and other useful information

Tax Law: Sections 1101(b)(4) and 1115(a)(19)

Regulations: Sections 526.6 and 528.20

Bulletins:

[Exemption Certificates for Sales Tax \(TB-ST-240\)](#)

[Household Movers and Warehouseurs - Sales of moving services and related transactions \(TB-ST-341\)](#)

[Purchases by Restaurants, Taverns, and Similar Establishments \(TB-ST-695\)](#)