

**New York State Department of Taxation and Finance
Office of Counsel
Advisory Opinion Unit**

TSB-A-12(31)S
Sales Tax
December 5, 2012

STATE OF NEW YORK
COMMISSIONER OF TAXATION AND FINANCE

ADVISORY OPINION

PETITION NO. S120209A

The Department of Taxation and Finance received a Petition for Advisory Opinion from [REDACTED]. Petitioner asks whether its purchases of envelopes, both inner return envelopes included with statements it prints for its customers' clients and outer envelopes into which the contents are stuffed and mailed, are purchases for resale, not subject to sales tax.

We conclude that Petitioner's purchases of these envelopes are purchases for resale, not subject to tax.

Facts

Petitioner is a commercial printer. It prints individualized account statements, benefit statements, health insurance claim checks, and similar institutional documents related to the clients of its customers who include credit unions, insurance companies and similar institutions. Via secure Internet connection, Petitioner's customers transmit individualized data on their clients to the Petitioner, including client names and mailing addresses, account balances, details of specific transactions and similar personal information unique to each client. The Petitioner uses this information to print individualized paper statements and other documents, which it then folds and inserts into mailing envelopes ("outer envelopes") for direct mailing to its customers' clients. At a customer's request, Petitioner will insert a reply envelope ("inner envelope") into the outer envelope along with the statement or other documents. Petitioner then seals and affixes postage to the outer envelopes and loads them into U.S. Postal Service carts, which are then loaded onto U.S. Postal Service trucks at Petitioner's loading dock at its facility in New York. Petitioner's customers do not furnish paper or envelopes to Petitioner.

Analysis

Based on the facts presented, Petitioner is selling tangible personal property to its customers, consisting of printed materials and envelopes. Regulation section 527.4(a)(4) states: "When . . . [printing or imprinting] services are combined with the sale of property by the person performing the services, the entire transaction is subject to tax as a retail sale [of tangible personal property]." See TSB-A-10(43)S. Petitioner prints statements and the like with information from its customer when requested by its customer. Petitioner's customer does not furnish either the envelopes or the paper on which Petitioner prints the statements and other documents. Thus, Petitioner is printing these items and selling them to its customer in a retail sale of tangible personal property. Petitioner must collect State and local sales tax on its taxable sales. Petitioner's purchases of both the outer and inner envelopes, which become part of the

product Petitioner sells to its customers, are purchases for resale and not subject to sales tax when Petitioner purchases them. *See* 20 NYCRR §526.6(c)(1), TSB-A-97(12)S, TSB-A-96(77)S. Petitioner must furnish its vendor with a properly completed resale certificate (ST-120) when purchasing the envelopes. *See* Tax Law, §1132(c); 20 NYCRR §532.4.

DATED: December 5, 2012

/S/

DEBORAH R. LIEBMAN
Deputy Counsel

NOTE: An Advisory Opinion is issued at the request of a person or entity. It is limited to the facts set forth therein and is binding on the Department only with respect to the person or entity to whom it is issued and only if the person or entity fully and accurately describes all relevant facts. An Advisory Opinion is based on the law, regulations, and Department policies in effect as of the date the Opinion is issued or for the specific time period at issue in the Opinion. The information provided in this document does not cover every situation and is not intended to replace the law or change its meaning.