



Advertising Services

Introduction

This bulletin explains how sales and use taxes apply to sales and purchases made by businesses that provide advertising services.

Sales of advertising services

Sales of advertising services are not subject to sales tax. *Advertising services* consist of:

- consultation and development of advertising campaigns; and
- placement of advertisements with the media.

Example: An advertising agency is hired to design an advertising program and to furnish a finished advertisement to the media. The fee charged by the agency for this service is not subject to sales tax.

Any advertising materials created by an advertising agency that are conveyed to its customer by intangible means (e.g., by digital or other electronic media) are not subject to sales tax.

Any tangible materials used by the advertising agency that are turned over to the customer after use by the agency to furnish the advertising content to the media are considered to be incidental to the agency's sale of advertising services and are not subject to sales tax.

However, if the advertising agency sells any tangible personal property, such as layouts or art work, to the customer prior to furnishing them to the media, the advertising agency is making a sale that is subject to sales tax. Additionally, any other outright sales of tangible personal property (such as layouts, printing plates, or films contained on tangible media) by an advertising agency are subject to sales tax.

The sale of a personal report containing information derived from information services by an advertising agency is not the sale of a taxable information service. However, if an advertising agency charges only for the purpose of conducting a survey, or if a survey is separately authorized and billed to the customer, the advertising agency is making a sale of a taxable information service. See [TSB-M-10\(7\)S](#), *Sales and Compensating Use Tax Treatment of Certain Information Services*, for more information.

Purchases by advertising agencies

Generally, purchases by an advertising agency for use in performing its services are purchases at retail subject to sales tax.

Example: An advertising agency designs billboard advertisements for its customer and hires a printer to print the billboard posters. Any purchases by the advertising agency of tangible personal property that is used to create its billboards are purchases at retail subject to sales tax. Also, the advertising agency must pay sales

tax on its purchases of any taxable services, such as printing services, that are used to perform its nontaxable advertising services.

However, other sales tax exemptions may apply to the purchases of advertising agencies, such as purchases related to:

- producing television and radio commercials and advertisements; or
- developing and producing printed promotional materials.

See Tax Bulletin [Exempt Use Certificate \(TB-ST-235\)](#), [TSB-M-92\(4\)S](#), *The Sales and Use Tax and Promotional Materials*, [TSB-M-92\(4.1\)S](#), *The Sales and Use Tax and Promotional Materials*, and [TSB-M-97\(6\)S](#), *Expanded Sales and Compensating Use Tax Exemption for Promotional Materials*.

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 1105(c), 1115(a)(20) and 1115(n)

Regulations: Sections 527.3(b)(5), 527.3(c)(2) and 528.6

Memoranda:

[TSB-M-92\(4\)S](#), *The Sales and Use Tax and Promotional Materials*

[TSB-M-92\(4.1\)S](#), *The Sales and Use Tax and Promotional Materials*

[TSB-M-97\(6\)S](#), *Expanded Sales and Compensating Use Tax Exemption for Promotional Materials*

[TSB-M-10\(7\)S](#), *Sales and Compensating Use Tax Treatment of Certain Information Services*

Bulletins:

[Exempt Use Certificate \(TB-ST-235\)](#)

[Newspapers, Periodicals, and Shopping Papers \(TB-ST-620\)](#)