OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

PHONE (405) 521-3133
FACSIMILE (405) 522-0063

April 7, 2000

Re: Our File Number LR-00-68; Taxability of advertising services

Dear

This is in response to your inquiry, wherein you asked whether your company should be paying sales tax on the items listed in your letter relating to advertising. Please note the pertinent Oklahoma regulations and rules concerning the administration of sales tax in Oklahoma for advertising, printing and advertising agencies which are set forth below:

Advertising

Section 1354(10) of Title 68 specifically levies a sales tax upon advertising of all kinds, types and characters, including any an all devices used for advertising purposes. Section 1357(4) of Title 68, exempts from the levy of sales tax advertising space in newspapers, periodicals, and billboard advertising service, and any advertising through the electronic media, including radio, television and cable television.

Printing

Section 1354 (5) of Title 68 specifically levies a sales tax upon printing or printed matter of all types, kinds, or character and, except for services of printing, copying or photocopying performed by a privately owned scientific and educational library sustained by monthly or annual dues paid by members sharing the use of such services with students interested in the study of geology, petroleum engineering..." Additionally, Oklahoma Tax Commission Rule 710:65-19-265 states that "gross receipts accruing from the sales of printed matter of all kinds are subject to the sales tax". See part (g) of the rule listed above which relates to **Newspaper advertising supplement or circulars.**

Advertising agencies

Oklahoma Tax Commission 710:65-19-2 provides:

(a) Advertising agencies perform a service in formulating ideas and programs for advertising purposes. All materials purchased by an advertising agency including, but not limited to, drawing supplies, photographic supplies, and office supplies are consumed by the agency in performing the service and are subject to sales or use tax at the time of purchase. The subsequent transfer of materials to the agencies' clients are not subject to the tax.
(b) Advertising agencies which sell letterhead paper, business cards, etc. shall be subject to the rules pertaining to printers for said sales.

I hope that the rules and statutes will clarify Commission policy in the area in which you have inquired. Should you have further questions or if I may be of further assistance please do not hesitate to contact this office.

Sincerely,

Brenda J. Sullivan
Tax Policy Analyst