OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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

May 12, 2005

Re: Our File Number LR-05-009; Tax status of printing services and publication thereof to a publisher

This is in response to your request of March 29, 2005 for a determination as to the taxability of We find a need to clarify our response to dated March 23, 2005. During a telephone conversation, you interpreted our letter ruling to imply that you are exempt from taxation on your purchases of printing services for your publications and are due a refund for the sales tax previously paid for those services. Our ruling was based on the premise that you are a printer of various publications, however, as stated in your fact scenario of January 10, 2005, 'does all of the work to produce the copy, photographs and advertisements for these publications. Upon completion of their work, submits their work to the printer for printing and binding of the publications" in which case should we find the operations of your business, are those of a printer then Commission Rule 710:65-19-265 (e) would apply. Our records do not indicate that you have a current sales tax permit or a Sales/Manufacturer permit to make purchases of printing services or supplies exempt and a refund would not be due if you did not have a sales tax permit at the time of purchase. Regardless of the tax status of your publications, you must hold a current sales tax permit to make purchases exempt.

Additionally, O.S. 68 Section 1354 (A) (1) and Commission Rule 710:65-13-190, exclude the sale of newspapers and periodicals from the sales tax levy, while printing services are defined as a sale subject to sales tax. See Section 1354 subsection (A) (5) and Commission Rule 710:65-19-265(a). Whether the magazine meets the test of a periodical, then the printing services to produce the magazine would be a purchase of the

magazine, which would be exempt from sales tax if sold to the holder of either a sales tax permit or a manufacturers sales exemption permit.

Based on the information that you have provided, we have determined the following:

- ξ operations do not appear to be those of a printer in that they submit their work i.e. photographs and advertisements"(the layout for the publication) to the printer for printing and binding of the publication."
- ξ Pursuant to Commission Rule 710:65-19-267 Printing; graphic arts production, operations may be closer related to the processes described and may be recognized as a manufacturing process. This would qualify for a manufacturers sales exemption permit. A review by the Audit Division of the Oklahoma Tax Commission will result in a determination once has submitted an application to the Taxpayer Assistance Division of the Oklahoma Tax Commission.
- ξ Should the determination qualify operations as a manufacturing process in Oklahoma, this would allow o purchase printing services exempt from sales tax as a manufacturer.
- ξ Our understanding is that an individual can't subscribe to either of the sample publications provided to our office, and primary source of income appears to be from the sale of advertisements. The exemption you seek is for sales of newspapers and periodicals; the articles in the two samples appear to be to a specialized class of people (members of a country club and restaurant association) and as stated in your letter publishes magazines and other types of periodicals for various organizations and clubs." These facts do not support, are exempt as periodicals pursuant to Commission Rule 710:65-13-190.

In conclusion, we do not find that and qualify for exemption as periodicals and the sale of advertising space within the publications would not be exempt from sales tax. See Commission Rule 710:65-13-1. Therefore, would need to collect sales tax on the sale of advertising. See O. S. § 1354 (A) (10).

As stated in the above, you would need to obtain a sales tax permit to make purchases of printing services exempt from sales if your operation qualifies as a manufacturer under Rule 710:65-19-267 and to collect and report the sales tax from the sale of advertisements. I have enclosed a Business Registration Packet for your convenience to make application for a Sales/Manufacturers Permit.

This response applies only to the circumstances set out in your request of March 29, 2005. Pursuant to Commission Rule 710:1-3-73(e), this Letter Ruling may be generally relied upon **only** by the entity to whom it is issued, assuming that all pertinent facts have

been accurately and completely stated, and that there has been no change in applicable law. If I can be of further assistance, please feel free to contact me at (405) 521-3133.

Sincerely,

Brenda J. Sullivan
Tax Policy Analyst

Enclosure

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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

March 23, 2005

Re: Our File Number LR-05-009; Tax status of printing magazines and other types of periodicals

This in response to your request for a letter ruling regarding the taxability of the printing services provided to which publishes magazines and other types of periodicals for various organizations and clubs. I have scanned your fact scenario into this letter followed by our response.

is an Oklahoma Corporation that publishes magazines and other types of periodicals for various organizations and clubs. is currently being charged sales tax for the printing services to produce these publications. We believe that should be exempt from sales tax on these printing services based on the rules set forth in Sections 710:65-13-190,710:65-19265(g), 710:65-19-266 and 710:65-19-267 of the Oklahoma Tax Commission Rules. This issue was discussed with Donna Hunter of the Oklahoma Tax Commission by telephone. Based upon this discussion and the information in the above rules, requests that the Oklahoma Tax Commission provide a letter ruling regarding the charging of sales tax on printing services rendered to print magazines and periodicals that are not subject to sales tax.

Facts: As stated above, is an Oklahoma Corporation that publishes magazines and periodicals for organizations and clubs. These publications meet the standards as set forth is Section 710:65-13-190(c) - (g), and as such are not subject to sales tax when sold. does all of the work to produce the copy, photographs and advertisements for these publications. Upon completion of their work, submits their work to the printer for printing and binding of the publication. Section 710:65-19-265 does not specifically address the type of publications that produces. However, the

principle set forth in 710:65-19-265(g), 710:65-19-266 and 710:65-19-267 is that printing services provided to print a newspaper or periodical, the sale of which is not subject to sales tax, are themselves not subject to sales tax."

Please be advised that the printing services for periodicals and newspapers are exempt when sold to a publisher who has not done the printing in-house. See Commission Rule 710:65-19-265 subsections (e) and (f). Based on the facts provided, we cannot determine whether your client's publications are newspapers and/or periodicals. If you desire a determination as to the taxability of your client's publications, forward copies to me.

Additionally, your client's operations may be currently recognized as a manufacturing process in Oklahoma and if so, would be exempt from sales/use taxes in the same manner as other types of manufacturing. See Commission Rule 71:65-13-150.1. Please contact our Taxpayer Assistance Division for a determination in order to obtain a Manufacturer Sales Tax /Exemption Permit.

This response applies only to the circumstances set out in your request of January 10, 2005. Pursuant to Commission Rule 710:1-3-73(e), this Letter Ruling may be generally relied upon **only** by the entity to whom it is issued, assuming that all pertinent facts have been accurately and completely stated, and that there has been no change in applicable law. If I can be of further assistance, please feel free to contact me.

Sincerely,

Brenda J. Sullivan

Brenda J. Sullivan
Tax Policy Analyst

Enclosure