OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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July 26, 2006

Re: Our File Number LR-06-063; Sales tax on advertising inserts

This is in response to your inquiry concerning the subject referenced above.

Excerpts from your Factual Background

Your client publishes an advertising shopper. The shopper is a four-page publication, which is published on a weekly basis for dissemination to over 1.5 million homes throughout Oklahoma. The shopper is a branded product with continuity of title from issue to issue. The company sells advertising space in the shopper to third-party advertising customers and then distributes the publications to residential addresses throughout Oklahoma without charge to the residential recipients. In addition, the Company produces supplemental printed materials that offer its customers more flexibility in advertising space and presentation in connection with the shopper publication. These supplemental materials are inserted into the shopper for distribution as part of the shopper publication. All supplemental advertising inserts are imprinted with the shopper publication's brand name as part of the insert's tag line. This imprint indicates that the supplemental material is distributed by the Company as part of the shopper publication.

Your Issue for Ruling

Are the supplemental advertising inserts into the shopper publication exempt from sales tax as sales of advertising space in a periodical?

Our Response

Yes. The charge to an advertiser for the printing of an advertising insert which is then inserted and distributed into homes in Oklahoma in connection with the distribution of the 'shopper" is not subject to sales tax in Oklahoma since it is a charge for advertising in a periodical and is exempt pursuant to Oklahoma Tax Commission Rule 710:65-13-1.

This response applies only to the circumstances set out in your request of March 31, 2006. 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,
OKLAHOMA TAX COMMISSION

Michael G. Pillow
Tax Policy Analyst