

City of Colorado Springs

Tax Guide

Advertising Agencies

Advertising agencies engaged in furnishing advertising services to their customers are required to pay city sales or use tax on purchases of tangible personal property used in rendering their services.

Agencies engaged in selling tangible personal property at retail in connection with the performance of their services must be licensed to collect city sales tax.

Agencies which own both printing and binding facilities must be licensed to collect city sales tax on printed materials sold at retail.

Common Examples

1. An advertising agency buys art supplies for its layout work. The supplies are consumed by the agency and are not intended to be resold. The art supply vendor should charge sales tax on the supplies. If the art supply vendor is unlicensed, or for any reason fails to charge sales tax, the advertising agency is responsible for remitting use tax to the City.
2. An advertising agency designs an annual report for a client. The annual reports are tangible personal property and subject to city sales tax. If the printing and design work are combined as a single line item on the invoice, then the entire balance is taxable. However, if the design work is separately stated then only the printing and materials charge is taxable. If the printed materials are either shipped outside the city or sold to an organization which provides a city exemption, then the transaction is exempt from city sales tax.
3. An advertising agency designs newspaper inserts for a local grocery store. Printed advertisements and their digital equivalents are categorized as tangible personal property and are subject to city sales tax.

CS CODE SECTION

2.7.102, 2.7.201, 2.7.308
2.7.422, 2.7.438, 2.7.501, 2.7.602

Related Tax Guides

Desktop Publishing
Digital Goods
Preprinted Newspaper
Supplements & Inserts
Service Sales

This guide provides an overview of specific subject matter and is not intended to be substituted for the full text within the City of Colorado Springs Tax Code.

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