

CITY OF COLORADO SPRINGS TAX GUIDE

ADVERTISING AGENCIES

Advertising agencies, engaged in furnishing advertising services to their customers, are required to pay 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 sales tax.

Those agencies with their own printing and binding facilities must be licensed to collect sales tax on their printing jobs.

EXAMPLES

1. ABC Advertising Agency buys art supplies for its layout work. Sales tax should be charged by the vendor of the art supplies. If the vendor is unlicensed, or for any reason fails to charge sales tax, the ABC Advertising Agency is responsible for remitting use tax to the City on its sales/use tax return.
2. ABC Advertising Agency designs an annual report for the XYZ Corporation. An outside printer is engaged by ABC to do the printing. The charge to the XYZ Corporation for the in-house design work and for printing the report is taxable, unless the design charge is separately stated on the invoice. If the design charge is separately stated, then only the charge for printing the report is taxable.
3. DEF Advertising Agency designs an annual report for the UVW Corporation. DEF Advertising has its own in-house print shop and bindery. The total charge to the customer for printing and binding is subject to sales tax.

RELATED TAX GUIDE TOPIC

Printing Industry
Service Sales

CS Code Section 2-7-102: LEGISLATIVE INTENT

CS Code Section 2-7-201: IMPOSITION OF TAX

CS Code Section 2-7-308: MANUFACTURED ARTICLES

CS Code Section 2-7-422: MANUFACTURED PRODUCTS; COMPONENT PARTS,
INGREDIENTS

CS Code Section 2-7-438: SERVICE SALES

CS Code Section 2-7-501: LICENSE REQUIRED

CS Code Section 2-7-602: RETAILER'S RESPONSIBILITY

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT CITY OF COLORADO SPRINGS TAX CODE FOR THIS INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE CITY OF COLORADO SPRINGS SALES AND USE TAX ORDINANCE.

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