

ADMINISTRATIVE GUIDELINES
ADVERTISING SERVICES
Procedure 437

Radio, television and newspaper advertising services ordered from outside the City and Borough, provided that on the same day the same person places orders for substantially similar advertising services with advertising media in at least five other states.

The purpose and intent of exempting advertising services received from orders from outside CBJ was to exclude from the sales tax consideration received from a negotiated sale that took place by a network affiliate outside of CBJ. The local business had no participation in the “sale” but was obligated to “broadcast” or “print” the negotiated advertising and as such received a flat fee. No opportunity was presented in this transaction for the local business to add the sales tax on to the selling price or to collect.

In order for the sale to be exempt from the sales tax, the order for the advertising “air time” or “space” must be received from outside CBJ and evidence must be presented to the advertiser that similar advertising will be placed in the media in at least five other states.

The exemption will not exempt from the sales tax the following:

1. Services rendered in CBJ to design and/or implement an advertising campaign to promote a product, service, idea, concept, issue, or the image of a person. This includes services rendered to design and produce advertising materials such as: research; design, layout, preliminary and final art preparation; creative consultation, coordination, direction, and supervision; script and copywriting; editing; and account management services.
2. Classified ad.
3. Advertising supplements or inserts that are delivered to newspaper companies to be inserted into and become part of the newspaper.