
ADVERTISING AGENCIES

The *Arvada Municipal Code* imposes a sales tax upon the purchase price paid for tangible personal property sold at retail in the City. To the extent a sufficient, legally-imposed sales/use tax was not paid to the City or another municipality at the time of purchase, Arvada use tax is due. The taxable purchase price is defined, in part, as the amount of money received or due in cash and credit inclusive of charges for freight, delivery, and transportation.

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. XYZ Advertising Agency buys art supplies for its layout work. (Layout work is a drawing or sketch of a proposed printed piece.) 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, then XYZ Advertising Agency is responsible for remitting use tax to the City on its sales/use tax return.
2. XYZ Advertising Agency designs an annual report for the Big Time Corporation. An outside printer is engaged by YXZ to do the printing. The charge to the Big Time 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. XYZ Advertising Agency designs an annual report for the Small Time Corporation. XYZ Advertising has its own in-house print shop and bindery. Thus the guidelines for taxation of the printing industry must be followed. The total charge to the customer for printing and binding is subject to sales tax.

ARVADA MUNICIPAL CODE – Chapter 98 – Taxation

Sec.98-70(g)(1) Exempt Sales

Sec.98-78(6)(a) Same-Exemptions

Sec. 98-61 Definitions-Exempt commercial packaging materials

Exempt commercial packaging materials shall mean containers, labels, and shipping cases sold to a person engaged in manufacturing, compounding, wholesaling, jobbing, retailing, packaging, distributing, or bottling for sale, profit, or use that meets all the following conditions:

- 1) *is used by the manufacturer, compounder, wholesaler, jobber, retailer, packager, distributor or bottler to contain or label the finished product;*
- 2) *is transferred by said person along with and as a part of the finished product to the purchaser; and*
- 3) *is not returnable to said person for reuse.*

RELATED TOPICS
GRAPHIC DESIGN
PRINTING INDUSTRY

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT ARVADA TAX LAW FOR THIS SUBJECT, INDUSTRY, OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE ARVADA TAX CODE. HOWEVER, THE TAX GUIDE SHALL BE USED IN CONJUNCTION WITH THE ARVADA TAX CODE (CHAPTER 98) IN DETERMINING TAX LIABILITY.