

City and County of Denver, Colorado

TAX GUIDE

Topic No. 1

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 facilities must be licensed to collect sales tax on their printing jobs (See Related Tax Guide Topic - Printing Industry).

EXAMPLES

1. ABC Advertising Agency buys supplies for the development of design projects (clip art software, supplies for storyboard preparation, etc.). Sales tax should be charged by the vendor of the supplies. If the vendor is unlicensed, or for any reason fails to charge sales tax, then 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. A single charge to XYZ Corporation for the in-house design work and for printing the report is taxable. If the design charge is separately stated, only the charge for printing the report (including agency markup of printing) is taxable.
3. DEF Advertising Agency designs an annual report for the UVW Corporation. DEF Advertising has its own in-house print shop. Thus the guidelines for taxation of the printing industry must be followed. The total charge to the customer for design, preparation, printing, and binding is subject to sales tax, even if the design charge is separately stated.

RELATED TAX GUIDE TOPIC

Graphic Design and Composition
Printing Industry

- * DRMC Section 53-25. Imposition of tax.
- * DRMC Section 53-27. Retailers to collect tax.
- * DRMC Section 53-28. Retailer responsible for payment of tax.
- * DRMC Section 53-96. Imposition of tax.
- * DRMC Section 53-98. Retailers to collect tax.
- * DRMC Section 53-99. Retailer responsible for payment of tax.

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT DENVER TAX LAW FOR THIS INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE DRMC AND APPLICABLE RULES AND REGULATIONS.