

# City and County of Denver, Colorado

## TAX GUIDE

### *Topic No. 58*

# NEWSPAPER INSERTS, SUPPLEMENTS, AND PRE-PRINTS

The retail sale or purchase of newspaper inserts is subject to sales or use tax if storage, use, distribution, or consumption occurs in Denver or if the newspaper inserts are delivered to or picked up from a Denver location.

The advertiser or purchaser of the newspaper inserts, who arranges for the inserts to be printed and then inserted into newspapers for storage, use, distribution, or consumption within the City, is the consumer of the advertising materials and is liable for the sales/use tax when purchased. The advertiser has taxable use of the inserts in Denver even though the advertiser may not take physical possession of the inserts.

#### EXAMPLE

AAA Electronics, a national electronic products firm with a location in Denver, contracts with XYZ Printers, a commercial printer located in New Jersey, to produce newspaper inserts to meet AAA's requirements. AAA determines the design, layout, and content of the inserts. AAA also furnishes XYZ with the film, artwork, and copy from which the inserts are to be produced. AAA specifies the date by which the inserts must be prepared and delivered to each newspaper in Denver. XYZ bills AAA for producing the inserts. XYZ is required to collect the sales/use tax. If they fail to do so, AAA must remit the use tax. AAA's purchase of the inserts is "not for resale," and thus is a purchase at retail. Sales/use tax is therefore due on the purchase price of all inserts stored, used, distributed, or consumed in Denver.

- \* DRMC Section 53-24(19). Definitions – Prepress Preparation Material
- \* DRMC Section 53-24(23). Definitions – Purchase or Sale
- \* DRMC Section 53-25(1). Imposition of tax.
- \* DRMC Section 53-95(22). Definitions – Prepress Preparation Material
- \* DRMC Section 53-95(26). Definitions – Purchase or Sale
- \* DRMC Section 53-96(1). Imposition of tax.
- \* CRS 24-70-102. Legal publications.
- \* CRS 39-26-102(15). Definitions.
- \* Rules Regarding The Assessment and Collection of Sales and Use Taxes On The Sales And Use Of Newspapers And Other Publications.

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.