

New York State Department of Taxation and Finance
Taxpayer Services Division
Technical Services Bureau

TSB-A-81 (2) S
Sales Tax
July 27, 1981

STATE OF NEW YORK

STATE TAX COMMISSION

ADVISORY OPINION

PETITION NO. S810407B

On April 7, 1981, a Petition for Advisory Opinion was received from K.A.S. Studios, Inc., P.O. Box 25, Whitestone, New York 11537.

The issue raised is whether or not sales tax should be charged on certain fees of an advertising agency.

Petitioner bills its customers for the preparation of an ad or sales promotion piece. The bill is broken down into two parts, "copy, layout, design, type and photostats" and "agency service fee."

Section 1105(a) of the Tax Law imposes a sales tax on "The receipts from every sale of tangible personal property. . .".

Section 1101(b)(3) of the Tax Law defines the term "receipts" as: "The amount of the sale price of any property and the charge for any service taxable under this article, valued in money, whether received in money or otherwise. . .".

The "amount of the sale price" of articles of tangible personal property sold by an advertising agency, which is what is involved herein, includes the agency service fee. Therefore, the total charge, including the agency service fee, made by Petitioner for the sale of items of tangible personal property is subject to all applicable state and local sales taxes.

DATED: July 10, 1981

s/LOUIS ETLINGER
Deputy Director
Technical Services Bureau