

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

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Sales Tax
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The Sales and Use Tax and
Promotional Materials

The *Exempt Use Certificate*, (Form ST-121) has been revised to allow its use as a *blanket* certificate by purchasers of promotional materials. When used for purchasing promotional materials that will be sent outside New York State, the exempt use certificate is no longer limited to single purchases **only**.

Whether issuing a blanket or single purchase exemption certificate, the purchaser of the promotional materials must indicate on the certificate the percentage of exempt purchases. The exempt percentage is the percentage of promotional materials that will be sent outside New York State. A vendor of the promotional materials may accept the blanket certificate to exempt the stated percentage on future purchases.

In determining the percentage of materials being sent out of state, a sampling technique may be used for blanket and single purchase certificates. The lesser of 10% or 5000 of the addresses on the mailing list should be sampled. Additionally, in determining the percentage for a blanket certificate, the purchaser may, based on its experience with previous mailings of its promotional materials, use an average percentage that accurately reflects the percentage of mailings sent outside New York. For example, when the purchaser has promotional mailings every quarter and uses its own customer list for each mailing it may use this experience to calculate the exempt percentage.

The purchaser should periodically review the percentage claimed on its blanket exempt use certificates. When necessary to update the percentage, purchasers should issue a new blanket certificate to their suppliers. The new certificate will replace the old and continue in effect until the purchaser cancels or replaces it.

If, for a particular mailing, the purchaser knows the exact percentage of materials that will be sent outside New York State, the purchaser may issue a single purchase exemption certificate for that purchase.

When the purchaser does not distribute as high a percentage of promotional materials out of state as that indicated on the exempt use certificate furnished to the supplier, the purchaser will be liable for *use tax*. Use tax will be due for that portion of the promotional materials which were distributed within New York State and on which tax was not paid.

Publication 831, *Collection and Reporting Instructions for Printers and Mailers*, may continue to be used in determining the amount of sales and use tax to be collected or paid on promotional materials delivered within New York State.