

Florida Department Of Revenue
Tax Information Publication

TIP 99A01-07

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Advertising Agencies Exemptions From Sales Tax

Effective July 1, 1999, advertising agencies may purchase and sell certain items exempt from sales tax. "Advertising agency" is defined as any firm that is primarily engaged in the business of providing advertising materials and services to its clients.

All **charges for advertising services** by an advertising agency to a client are exempt from sales tax.

Items and associated services **sold to** advertising agencies are exempt if the items are sold to an advertising agency that is under contract to act as an agent for a client, and if the items are created to provide advertising services to that client.

Items that are **made or created by** an advertising agency for a client and are used in the performance of advertising services for that client are exempt.

Items and associated services **sold by** advertising agencies to their clients are exempt if the items and services are sold to a client in the performance of advertising services for that client. The exemption applies regardless of whether the price of the item is separately stated or it is sold to the client for more than the agency's cost of the item.

Examples of the items discussed above are photographic negatives and positives, videos, films, galleys, mechanicals, veloxes, illustrations, digital audiotapes, analog tapes, printed advertisement copies, compact discs for the purpose of recording, digital equipment, and artwork.

The **exemption does not apply** to the purchase of items (such as film, paper, and videotapes) that are **used to create** items (such as photographic negatives and positives, videos, films, galleys,

mechanicals, veloxes, illustrations, and artwork) sold to an advertising agency or produced in-house by an advertising agency on behalf of its clients.

Items and the creative services used by an advertising agency **to design** the advertising for promotional items are not subject to tax. Promotional items include items such as displays, display containers, exhibits, newspaper inserts, brochures, catalogues, direct mail letters or flats, shirts, hats, pens, pencils, key chains, or other printed goods or materials. However, if the promotional items are produced or reproduced for distribution, sales tax applies to the sales price charged to the client for the items.

These exemptions apply retroactively. However, all taxes that have already been collected before July 1, 1999 must be remitted. Any taxes that were remitted before July 1, 1999 on transactions that are subject to these exemptions are not subject to refund.

Dealers that sell items to advertising agencies will be relieved of the responsibility of collecting sales tax on sales of the exempt items described above. The dealer is relieved of this responsibility only if he or she retains a copy of a purchaser's exemption certificate from the advertising agency certifying the agency's entitlement to the exemption. In these cases, if the Department of Revenue determines that the advertising agency was not entitled to the exemption, the Department shall look only to the advertising agency for payment of the sales tax. (A suggested Purchaser's Exemption Certificate is attached.)

FOR MORE INFORMATION

This document is intended to alert you to the requirements contained in Florida laws and administrative rules. It does not by its own effect create rights or require compliance.

For more information call Tax Information Services, Monday - Friday, 8:00 a.m. to 5:00 p.m., ET, at 850-488-6800.

Hearing or speech impaired persons should call our TDD at 1-800-367-8331 or 850-922-1115.

For a detailed written response to your questions, write the Florida Department of Revenue, Tax Information Services, 1379 Blountstown Highway, Tallahassee, FL 32304.

For forms and other information, visit our Web site at <http://sun6.dms.state.fl.us/dor/>.

Get tax forms quickly by FAX ON DEMAND. Call 850-922-3676, twenty-four hours a day, seven days a week, using your fax machine handset and follow the instructions.

References:

Ch. 99-269, L.O.F.

s. 212.08(7), F.S

SUGGESTED PURCHASER'S EXEMPTION CERTIFICATE
ITEMS SOLD TO ADVERTISING AGENCIES

FOR USE ON OR AFTER JULY 1, 1999

_____ (Purchaser's Name) certifies that the photographic negatives and positives, videos, films, galleys, mechanicals, veloxes, illustrations, digital audiotapes, analog tapes, printed advertisement copies, compact discs for the purpose of recording, digital equipment, and artwork purchased on or after _____ (date) will be used by the advertising agency pursuant to a contract to act as an agent for a client, and that the items are created to provide advertising services to that client.

_____ (Purchaser's Name) further certifies that the items (such as film, paper, and videotape) are not being purchased to produce items (such as photographic negatives and positives, videos, films, galleys, mechanicals, veloxes, illustrations, and artwork) in-house by the advertising agency for its client.

The undersigned understands that if such items do not qualify for exemption, the undersigned will be subject to sales and use tax, interest, and penalties. The undersigned further understands that when any person fraudulently, for the purpose of evading tax, issues to a vendor or to any agent of the state a certificate or statement in writing in which he or she claims exemption from the sales tax, such person, in addition to being liable for payment of the tax plus a mandatory penalty of 200% of the tax, shall be liable for fine and punishment provided by law for conviction of a felony of the third degree, as provided in s. 775.082, s. 775.083, or s. 775.084.

(Purchaser's Name Print or Type) Florida Sales Tax Number

Signature and Title Date

Federal Employer Identification Number Telephone Number
Number (F.E.I.) or Social Security Number

(Form to be retained in vendor's records)