**Private Letter Ruling**

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| **Ruling Number:** | **P-1998-21** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Advertising agency services.** |
| **Keywords:** |  |
| **Effective Date:** | **02/18/1998** |

**Body:**

Office of Policy & Research

February 18, 1998

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RE: TTTTTTTTTT

Dear Mr. TTTTTTTTTT:

We wish to acknowledge receipts of your letter dated December 22, 1997, regarding the application of Kansas Retailers’ Sales tax.

K.S.A. 79-3606(pp) exempts from sales tax: “except as otherwise provided in this act, all sales of services rendered by an advertising agency or licensed broadcast station or any member, agent or employee thereof.”

In general, the services provided by your client are not currently subject to sales tax. If your client purchases as part of their nontaxable service; typesetting, artwork, printing, and etc., the advertising agency must pay the sales tax to the vendor or vendors which provided the service of typesetting, artwork, printing, and etc. In addition, when your client steps out of the arena of providing “professional services” and sell to the final consumer the fruits of his labor, the client is now acting as a retailer, and his sales of tangible personal must have Kansas sales tax collected and remitted on the total gross receipts.

I have enclosed a list of services that your client's company might provide to their customers. This list should be used as a guide, and is not intended to be all-inclusive:

Consulting Exempt One-to-one and group client discussions;

Copy Writing Exempt Writing original test brochures, ads, press releases, scripts, etc.;

Copy Editing Exempt Editing/revising/proofing text given to you by a client;

Art Direction Exempt Supervision of work-in-process;

Design Exempt Creating visual images of graphic ideas for client approval;

Keyline Taxable Producing camera-ready artwork for printers to use;

Illustration Taxable Producing finished visual images or graphics;

Typesetting Taxable Producing type galleys to be used in camera-ready keylines for printers;

Photography Taxable Taking photographs, developing film, printing photos;

Printing Taxable Printed brochures, instructional and trade show materials, flyers, etc.;

Advertising Exempt Media charges for space or time purchased on behalf of clients;

Videography Taxable Taping and editing programs on videotape for clients.

Please be advised that on services that are exempt from sales tax, your client must pay sales/use tax on items used to perform said services.

If I may be of further assistance, please contact me at your earliest convenience at (785) 296-7776.

Sincerely yours,

Thomas P. Browne, Jr.
Tax Specialist

TPB

**Date Composed: 03/04/1998 Date Modified: 10/10/2001**