

**Revenue Information Bulletin
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Sales Tax**

Definition of Cost Price and Sales Price for Publishing Businesses Who Pay Unrelated Third Parties to Print Their News Publications and Who Distribute the Publications at No Cost to Readers

Act 67 of the 2002 Regular Legislative Session changed the definition of “cost price” and “sales price”, but the change applies only to publishing businesses who pay unrelated third parties to print their news publications and who distribute their news publications at no cost to readers. “News publications” are defined by the Act as any printed periodical that appears at regular intervals; contains reports of a varied character, such as political, social, cultural, sports, moral, religious, or other subjects of general public interest; contains not more than seventy-five percent advertising; and is not owned or published as an auxiliary to another non-publishing business, organization or entity. For parties that fit within this group of publishing businesses, the definition of “cost price” and “sales price” means the lesser of:

1. the printing cost paid to unrelated third parties to print the news publications, less any itemized freight charges for shipping the news publications from the printer to the publishing business and any itemized charges for paper and ink, or
2. payments to a dealer or distributor as consideration for distribution of the news publications.

This definition of “cost price” and “sales price” for publishing businesses who pay unrelated third parties to print their news publications and who distribute their news publications at no cost to readers is applicable to taxes levied by all tax authorities in the state and is effective July 1, 2002.