



**Revenue Ruling
No. 01- 015
October 10, 2001**

State Sales Tax or Use Tax is Payable on Advertisers' Purchases of Advertising Inserts to be Distributed With Newspapers, for the Duration that "Newspaper" Exemption is Suspended

The purpose of this ruling is to discuss the Louisiana sales and use taxability of newspaper advertising inserts, including those purchased by advertisers and those purchased by newspaper publishers.

The Louisiana sales tax law, Title 47, Section 305(D)(1)(e) of the Louisiana Revised Statutes, provides an exemption from the tax on the sale at retail, the use, the consumption, the distribution, and the storage to be used or consumed in Louisiana of newspapers. Since July 1, 1986, this exemption has been fully or partially suspended, without interruption, by several resolutions or Acts of the Louisiana Legislature. The most recent acts of the Legislature (Act 18 of the First Extraordinary Legislative Session of 2000 and Act 33 of the 2000 Regular Legislative Session) continued the suspension of the newspaper exemption through June 30, 2002. The applicable rate of tax during this period is 4 percent.

Advertising flyers that are inserted into newspapers are, for purposes of this Louisiana sales tax exemption, considered a part of the newspapers into which they are inserted. Section 61:I.4401(D)(3) of the Louisiana Administrative Code provides, in pertinent part, as follows:

“This exemption for newspapers includes all printed matter that goes into the making-up of a newspaper if such printed matter is distributed with and as a part of the newspaper, including inserts. This definition does not include magazines and does not include any other printed matter, regardless by whom printed, that is not a part of and is not distributed with a newspaper. Thus, printed matter that goes into a newspaper and is distributed with it is exempt from sales tax while the same printed matter that does not go into a newspaper or is not distributed with it is not exempt.”

Except for the suspension of the “newspaper” exemption by Acts 18 and 33, printed matter purchased to be inserted into and distributed as part of newspapers would be exempt from state sales tax regardless of whether the purchase is made by an advertiser or by a newspaper publisher. However, because the newspaper exemption is suspended, advertisers cannot claim the exemption when purchasing printed matter from printing firms that the advertiser has delivered to newspaper publishers for insertion and distribution as part of newspapers.

In the typical scenario, an advertiser or its agent will engage a printing firm to print a quantity of flyers. The advertiser or its agent will then furnish the flyers to a newspaper publisher without

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charge. The publisher will insert and distribute the flyers with a newspaper. The publisher will charge the advertiser or its agent for the service of inserting and distributing the flyers. The advertiser or the advertiser's agent will owe the state sales or use tax on the full acquisition "cost price" or "sales price" of the flyers and printing services acquired from the printing firm. The tax will be payable at the rate applicable to suspended exemptions.

Even though the "newspaper" exemption is suspended, commercial newspaper publishers whose publications and inserts are for sale can continue to acquire comic inserts, printed television schedules, Sunday magazines, and other property for resale as part of their newspapers without the payment of state sales or use tax. Newspaper publishers who have been issued state sales tax wholesaler accounts can, when making purchases, claim advance sales tax exemption by presenting Department of Revenue exemption form LGST-9 to their vendors. Other publishers of newspapers for sale can, when filing their state sales tax returns, claim credit for the advance sales taxes that they have paid to their vendors on property purchased for resale.

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