

ARIZONA DEPARTMENT OF REVENUE ARIZONA

TRANSACTION PRIVILEGE TAX RULING

TPR 93-10

This substantive policy statement is advisory only. A substantive policy statement does not include internal procedural documents that only affect the internal procedures of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona administrative procedure act. If you believe that this substantive policy statement does impose additional requirements or penalties on regulated parties you may petition the agency under Arizona Revised Statutes § 41-1033 for a review of the statement.

Note: Footnotes were added May 11, 2021. No substantive changes were made to the ruling.

ISSUE:

Taxation under the job printing classification of income received by a job printer for inserting advertising supplements in a newspaper.

APPLICABLE LAW:

A.R.S. § 42-1310.06¹ states:

- A. The job printing classification is comprised of the business of job printing, engraving, embossing and copying.
- B. The tax base for the job printing classification is the gross proceeds of sales or gross income derived from the business, but the gross proceeds of sales or gross income derived from the following shall be deducted from the tax base:

1. Sales to a person in this state who has a transaction privilege

¹ Since this ruling was issued, A.R.S. § 42-1310.06 was renumbered as A.R.S. § 42-5066.

tax license issued in this state, and who does either of the following:

(a) Resells the job printing, engraving, embossing or copying.

(b) Distributes such printing, engraving, embossing or copying without consideration in connection with the publication of a newspaper or magazine.

2. Sales of job printing, engraving, embossing and copying for use outside this state if the vendor ships or delivers the materials out of this state.

3. Sales of personal property to:

(a) Qualifying hospitals as defined in § 42-1301².

(b) A qualifying health care organization as defined in § 42-1301³ if the tangible personal property is used by the organization solely to provide health and medical related educational and charitable services.

DISCUSSION:

A job printer may print newspaper advertising supplements for a purchaser. The purchaser may require that the supplements be inserted into a newspaper. The job printer may insert the supplements or may pay the newspaper publisher to insert the supplements.

The tax base for the job printing classification is the gross proceeds of sales or gross income derived from the business. The deductions from the tax base enumerated above are the only deductions provided by statute⁴.

² Since this ruling was issued, A.R.S. § 42-1301 was renumbered as A.R.S. § 42-5001.

³ See footnote number 2.

⁴ Since this ruling was issued, the following deductions were added:

- A.R.S. § 42-5066(B)(3)(c) provides a deduction for sales of personal property to a qualifying health science educational institution.
- A.R.S. § 42-5066(B)(4) provides a deduction for postage and freight that is paid to the United States postal service or a commercial delivery service if the postage or freight is itemized in the

RULING:

The gross income of a job printer is subject to tax, including any income received for inserting advertising supplements into a newspaper. The job printer may not deduct from the tax base the cost of labor employed in inserting the supplements.

If the job printer pays the newspaper publisher to insert the supplements, the insertion fee paid by the job printer to the publisher may not be deducted from the job printer's gross income.

Paul Waddell, Director

Signed March 2, 1993