

ARIZONA DEPARTMENT OF REVENUE

ARIZONA TRANSACTION PRIVILEGE TAX RULING

TPR 93-29

(Note: On 9/9/2020, the statute cites were changed to show their current numbers. See footnotes for details. No substantive changes were made.)

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.

ISSUE:

Exemption under the job printing classification for income derived from selling printing to a newspaper or magazine to be distributed without consideration.

APPLICABLE LAW:

Arizona Revised Statutes (A.R.S.) § 42-5066(B)(1)(b) ¹ provides an exemption under the job printing classification for sales to a person in this state who has a transaction privilege tax license issued in this state, and who distributes the printing, engraving, embossing or copying without consideration in connection with the publication of a newspaper or magazine.

The transaction privilege tax is imposed on the business of selling tangible personal property at retail. 42-5061(V)(4)² defines "selling at retail" to mean

¹ This ruling originally cited A.R.S. § 42-1310.06.B.1.b which was renumbered as A.R.S. § 42-5066(B)(1)(b).

² This ruling originally cited A.R.S. § 42-1310.01.N.3 which was renumbered as A.R.S. § 42-5061(V)(4).

a sale for any purpose other than for resale in the regular course of business.

A.R.S. § 42-5159(A)(4)³ provides an exemption from the use tax for tangible personal property which directly enters into and becomes an ingredient or component part of any manufactured, fabricated or processed article, substance or commodity for sale in the regular course of business.

DISCUSSION:

A job printer may print a newspaper or magazine for a person who will distribute the publication without consideration. A printer's gross income from printing the newspaper or magazine which will be distributed without consideration is not subject to tax if the printer's customer has a transaction privilege tax license issued in this state and meets the definitions in this ruling.

"Newspaper" means a paper that is printed and distributed daily, weekly, or at some other regular and usually short interval and that contains news, articles of opinion (as editorials), features, advertising, or other matter regarded as of current interest. *Webster's Third New International Dictionary*.

"Magazine" means a periodical that usually contains a miscellaneous collection of articles, stories, poems, and pictures and is directed at the general reading public. A magazine may contain special material directed at a group having a particular hobby, interest or profession (as education, photography, or medicine) or at a particular age group (as children, teenagers). A periodical is a magazine or other publication of which the issues appear at stated or regular intervals. *Webster's Third New International Dictionary*.

Although a newspaper or magazine may contain advertising, the primary focus must be news, editorials, articles, stories, and pictures which are of interest to, and directed at, the general reading public in order to be defined as a newspaper or magazine for purposes of the exemption under

³ This ruling originally cited A.R.S. § 42-11409.A.4 which was renumbered as A.R.S. § 42-5159(A)(4).

A.R.S. § 42-5066(B)(1)(b)⁴.

A printer's purchases of materials that become an ingredient or component part of the publication, such as paper, ink, glue and staples are exempt from the transaction privilege tax and use tax to the same extent as when these items are an ingredient or component part of printed matter which are includible in gross receipts from printing, engraving, embossing or copying.

RULING:

When a newspaper or magazine, which meets the above definitions, is distributed without consideration by a person who has a transaction privilege tax license issued in this state, the job printer's gross income from printing the newspaper or magazine is not subject to the transaction privilege tax.

Harold Scott, Director
Signed May 10, 1993

Explanatory Notice

The purpose of a tax ruling is to provide interpretive guidance to the general public and to department personnel. A tax ruling is intended to encompass issues of law which are not adequately covered in statute, case law or administrative rules. A tax ruling is a position statement which provides interpretation, details or supplementary information concerning the application of the law. **Relevant statute, case law, or administrative rules, as well as a subsequent ruling, may modify or negate any or all of the provisions of any tax ruling.** See GTP 92-1 for more detailed information regarding documents issued by the Department of Revenue.

⁴ See footnote number 1.