

17 NCAC 07B .0902 ADVERTISING ARTISTS

(a) Sales by Advertising Artists. -- Advertising artists are retailers when they produce, cause to be produced, fabricate, purchase, or otherwise acquire items, as the term item is defined in G.S. 105-164.3, that they sell at retail for any use or purpose other than for resale. Items sold by advertising artists include catalogs, magazines, handbills, brochures, programs, pamphlets, or similar printed materials; other tangible personal property such as signs, paintings, portraits, negatives, photographs, vinyl wraps, certain digital property, or other tangible artistic creations. Pursuant to G.S. 105-164.4, advertising artists making retail sales of items to users or consumers shall collect, report, and remit sales and use tax on the sales price of such items.

The sales price to which the tax applies is the total amount for which the item is sold including all charges for services rendered in the production, fabrication, manufacture, installation, postage, telephone and electronic messages, copy, models' fees, stage props, printing, printing plates, film, positives, negatives, transparencies, and color separations, even though the artist may separately state the charges on the invoice or similar billing document given to the purchaser at the time of sale.

(b) Purchases for Use in Rendering Professional Services. -- Advertising artists are the users or consumers of the items purchased by them for use in rendering professional services, regardless of whether the items are acquired in the name or account of the artist or their client. Pursuant to G.S. 105-164.4, purchases by advertising artists of items used in rendering professional services are subject to sales and use tax on the purchase price of the item without any deduction for the cost of the material used, labor or service costs, transportation charges, or other expenses. Advertising artists that purchase taxable items sourced to this State from suppliers who do not charge and remit the applicable sales tax shall remit the use tax, pursuant to G.S. 105-164.6, due directly to the Department.

(c) Purchases for Resale. -- Pursuant to G.S. 105-164.13, purchases by advertising artists of items for resale that become a part of tangible personal property or certain digital property sold by the advertising artist at retail or wholesale are exempt from sales or use tax when the purchases are supported by a completed Certificate of Exemption in accordance with 17 NCAC 07B .0106. The term "part of tangible personal property or certain digital property" includes only those items that are incorporated into and become a part of property sold and does not include those items that are merely used or consumed in its production. Purchases by advertising artists of items used or consumed in the production of items for sale are subject to sales and use tax, pursuant to G.S. 105-164.4.

History Note: *Authority G.S. 105-164.3; 105-164.4; 105-164.4B; 105-164.6; 105-164.13; 105-164.28; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;*
Eff. February 1, 1976;
Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991; July 5, 1980;
Readopted Eff. January 1, 2024.