



Printers and Printing

Printers selling printed matter are making taxable retail sales, provided that the purchaser does not resell the articles and uses, consumes or distributes them free of charge. The full purchase price of the printed matter is subject to sales tax. This includes materials, labor, supplies, overhead and profit. Labor and service charges, even if separately stated on the invoice, are taxable except where noted below.

If separately stated on the invoice, the services of typesetting and color separation, design and camera mechanicals performed by a printer or its subcontractor for a customer or another printer are not taxable. The purchase price or royalty paid for the use of the original artwork is taxable. However, the cost of the scan, velox or the process used to make an image usable for the printer is exempt from sales tax.

Generally, supplies and equipment used by printers in the printing process which do not become a component part of the printed product are subject to sales tax payable by the printer. This includes, but is not limited to, the following:

- ◆ blankets
- ◆ blanket saver
- ◆ blender solution
- ◆ dies
- ◆ film developing
- ◆ fixer
- ◆ grease
- ◆ isopropyl alcohol
- ◆ paper stop
- ◆ plate cleaner
- ◆ plate preserver
- ◆ press wash
- ◆ roller wash
- ◆ tape
- ◆ water ductor
- ◆ blanket conditioner
- ◆ blanket wash
- ◆ developer*
- ◆ film
- ◆ finisher
- ◆ flash oil
- ◆ half tones
- ◆ Kodak control strips
- ◆ photos/artwork
- ◆ plate finisher
- ◆ plate saver
- ◆ replenisher
- ◆ scratch remover
- ◆ toner**

*This does not include developer used in the Xerox copy process.

**This does not include the toner used in laser printers.

Exempt purchases of tangible personal property for resale include, but are not limited to:

- ◆ Paper: paper stock on which the finished product is printed and delivered to the customer and wrapping materials for the finished products sold to customers
- ◆ Ink: printers ink, ink additives, and overprint varnishes

- ◆ Chemicals: anti-offset sprays, fountain etch solutions, gum solutions, and all component chemicals when used with the above materials
- ◆ Materials: padding compound, stitching wire and staples, and book binders tape
- ◆ Developer used in the Xerox copy process.

Printers performing services only are subject to the regulations governing service enterprises. (See "Service Enterprises" for detailed information.)

Printed matter which is partially printed, invoiced to the customer, but held in stock for further imprinting is taxable on the full price charged by the printer. Sales tax must be collected on the selling price of each part of the job.

For commercial printing of postal cards or stamped envelopes purchased from the United States Postal Service, the amount subject to tax does not include the amount of postage involved.

Examples:

1. A Loveland printer contracts with a customer to design and print an advertising brochure. The printer itemized the following on the invoice: design \$250.00, typesetting \$75.00, royalty paid for photo \$150.00, labor \$300.00 and materials \$200.00. The design and typesetting are not subject to sales tax, but the other items are. Even if items are separately stated, the charges for materials, labor and royalties are subject to sales tax.
2. A Loveland printer purchases the following to be used in his printing business: paper, assorted ink colors, plate cleaner, plate finisher, press wash, and film. The printer must pay sales tax on all the items except the paper and ink, which will be resold to customers. All the other items are used by the printer in the printing process, but not resold to customers.
3. A Loveland printer designed and printed business cards for a customer. The order was for 10,000 cards to be printed with the company logo, address and central phone number. The cards would be stored with the printer; and, as employees needed business cards, the printer would pull these cards from its stock and add names, direct phone numbers and e-mail addresses. The first invoice was for \$2,000.00: \$250.00 design, \$75.00 typesetting and \$1,675.00 for the printing. The charge for adding each employee's name, phone number and e-mail address is \$15.00 per 100 cards. Sales tax must be collected on the printing charge of \$1,675.00 on the first invoice, but design and typesetting are not subject to sales tax. The charge for finishing the business cards is also subject to sales tax each time additional cards are sold.

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT LOVELAND TAX LAW FOR THIS INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE LMTC (LOVELAND MUNICIPAL TAX CODE) AND APPLICABLE RULES AND REGULATIONS.