

Chapter Five

Taxability of Subscriptions

A subscription to a publication is exempt from tax under Arkansas Code Annotated Section 26-52-401(14). A “publication” is defined as “any pamphlet, magazine, journal or periodical, other than a newspaper, designed for the information or entertainment of the general public or any segment thereof” in Regulation GR-48.

Gross Receipts Tax Regulation Forty-Eight (GR-48)

EXEMPTIONS FROM TAX - NEWSPAPERS, PUBLICATIONS, AND BILLBOARDS: (Amended March 2000)

- A. For purposes of this Section, the following definitions are applicable:
1. The term "newspaper" means a stated short interval publication usually daily or weekly in sheet form customarily printed on newsprint consisting of news, editorials, feature articles, and advertising intended for general circulation.
 2. The term "advertising space" means space located within the body of a newspaper or publication, containing advertisements which are printed concurrently with the news, articles, features, or other attractions in the newspaper or publication and the classified advertising section.
 3. The term "advertising supplement" means a publication in sheet form, other than the usual classified advertising section of a newspaper, printed in Arkansas by a newspaper publisher or job printer, containing advertising only and which is not physically attached to a newspaper, but which may be distributed with a newspaper or by other means.
 4. The term "billboard advertising services" means any and all services rendered in connection with the rental or lease of advertising space on a structure which is affixed to the land for the purpose of posting advertising messages.
 5. The term "publication" means any pamphlet, magazine, journal, or periodical, other than a newspaper, designed for the information or entertainment of the general public or any segment thereof.
 6. The term "regular subscription" means the purchase by advance payment of a specified number (2 or more) of issues of a publication over a certain period of time, and delivered to the subscriber by mail or otherwise.
- B. The gross receipts or gross proceeds derived from the sale of newspapers are exempt from the tax.

- C. The gross receipts or gross proceeds derived from the sale or rental of advertising space in newspapers and publications are exempt from the tax. Advertising supplements are not exempt from the tax. The printer, whether a newspaper publisher or job printer, must collect the tax on the gross receipts or gross proceeds derived from the sale of the advertising supplements to the advertiser, even though the advertising supplement may be distributed by insertion in a newspaper for the convenience of the advertiser.
- D. The gross receipts or gross proceeds derived from the sale of advertising space in advertising supplements or other publications distributed free of charge are exempt from tax. The printer, whether a newspaper publisher or job printer, must collect tax on the gross receipts or gross proceeds derived from the sale of the advertising supplements to the distributor. If the printer is also the distributor, the printer should pay tax on the retail price which the printer would have charged to a customer who purchased the advertising supplements or publications from the printer in an arms length transaction.
- E. The gross receipts or gross proceeds derived from the sale of billboard advertising services are exempt from the tax.
- F. The gross receipts or gross proceeds derived from the sale of any publication through regular subscription is exempt.
- G. The gross receipts or gross proceeds derived from the sale of any non-subscription magazines, or publications other than newspapers are subject to the tax.
- H. The gross receipts or gross proceeds derived from the sale of machinery and equipment to newspaper publishers are exempt from the tax if they satisfy the requirements set forth in GR-55.

The current construction of the exemption for subscriptions to publications is that a “publication” is printed on paper. The subscription to a CD-ROM or tape is taxable, as these are not paper publications.

In order for a paper publication to be exempt from tax it must be shown to be:

- 1) A regular subscription
 - a. Purchase by an advance payment
 - b. Specified number of issues (2 or more)
 - c. Over a certain period of time
 - d. Delivered to the subscriber by mail or otherwise
- 2) A publication in itself and not merely an update service in which only certain pages of previously issued publications are changed

- 3) The seller must print and publish the item sold. the exemption does not extend to one who takes an existing publication and puts it into a different format (example-microfilm) for redistribution