

New York State Department of Taxation and Finance
Taxpayer Services Division
Technical Services Bureau

TSB-A-96 (73) S
Sales Tax
December 4, 1996

STATE OF NEW YORK

COMMISSIONER OF TAXATION AND FINANCE

ADVISORY OPINION

PETITION NO.S960809A

On August 9, 1996, a Petition for Advisory Opinion was received from Healthy Step Directory, LLC, 568 Columbia Turnpike Suite 22, East Greenbush, New York 12061.

The issue raised by Petitioner, Healthy Step Directory, LLC, is whether the sale of its publication, "Healthy Step Directory," is subject to sales tax.

The following facts are based on Petitioner's presentation of facts and on a copy of Petitioner's publication submitted by Petitioner. Petitioner's publication, the "Healthy Step Directory," is a compilation of advertisements that offers coupon-like discounts on services and products that promote health, fitness and well-being. Petitioner's publication provides a membership registration for purchasers, which enables Petitioner to contact purchasers to inform them of any additions, deletions or changes in advertisers. In order for the purchaser to take advantage of the discount coupons, the purchaser must bring the coupon book to a specific advertiser. When the purchaser uses the advertiser's service, the advertiser signs the publication in the designated area to acknowledge that the discount was given. Therefore, the services used by the purchaser are properly recorded.

Petitioner is in its first year of existence. Most of the distribution of Petitioner's publication has been through consignment sales or the result of giveaways. Not-for-profit or charitable organizations may sell the publication as part of a fund raising project.

Section 1105 of the Tax Law imposes tax on receipts from the sale of tangible personal property and certain enumerated services.

In this case, Petitioner sells a publication that contains advertising in the form of a discount coupon book. The advertisements provide a description of the type of services being offered, and the name and address of the providers. These books can be obtained from persons who sell them on consignment, wholesalers, retailers, from exempt organizations doing fund raising projects or from Petitioner as giveaways. The book owner is required to present the coupon book to an advertiser when redeeming a discounted service to record the transaction. Also, Petitioner recommends the book owner complete and return the membership registration form inside the book, to enable Petitioner to contact the book owner regarding any additions, deletions, changes or supplements to the publication.

TSB-A-96 (73) S
Sales Tax
December 4, 1996

Petitioner provides an advertising service to vendors of goods and services, mostly in the health care area. When all of the individual advertisements are combined, Petitioner has developed a discount coupon book. Since the coupon book has as its primary purpose the right to receive discounts from independent vendors, the sale of the coupon book is not considered a taxable sale. Therefore, the price charged for Petitioner's publication is not subject to State and local sales and compensating use taxes.

DATED: December 4, 1996

/s/
JOHN W. BARTLETT
Deputy Director
Technical Services Bureau

NOTE: The opinions expressed in Advisory Opinions
are limited to the facts set forth therein.