

## Sales/Use/Indirect:

### Utah Letter Ruling Says Online Platform's Sales of Ad Space are Nontaxable Marketing Services

*Private Letter Ruling No. 21-004*, Utah State Tax Comm. (2/13/24). In a recently posted private letter ruling involving a company running an online, third-party performance marketing platform that sells to merchants advertising space on webpages, emails, or other electronic means for the display of the merchants' banner advertisements, the Utah State Tax Commission (Commission) concluded that, based on the provided facts, the company's sales to merchants are *not* subject to Utah sales and use taxes. In doing so, the Commission reasoned that the essence or primary object of the transactions is for nontaxable advertising/marketing services. Under the facts, components of the items sold by the company included the following:

**URL:** <https://tax.utah.gov/commission/ruling/21-004.pdf>

- Advertising/marketing space;
- Use of the company's software in the form of the online, third-party performance marketing platform;
- Data reports/information to help monitor the success of advertising campaigns that use the advertising/marketing space purchased from the company;
- Technical support services;
- Consultation/support services for the company's largest partners; and
- A payment management service.

After considering the nature and extent of these nontaxable services and potentially taxable products or services, the Commission determined that the primary object of the company's transactions is for nontaxable advertising/marketing services. Please contact us with any questions.

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