



Post Production

NEW YORK STATE AGENCY-EDITOR DIRECT PAYMENT

The New York State Department of Taxation and Finance issued a letter in February of 1997 confirming that an editorial company can bill an advertising agency directly for its services provided the "Direct Payment Assignment" rider is used and properly completed and that certain other procedures are followed. The direct billing to an agency in these situations will not result in any additional sales tax exposure. The only sales tax that will generally be due is the tax on duplicating elements. Download the Direct Payment Rider (PDF) [here](#).

The Procedure

At the origination of the contract, the Direct Payment Rider is sent by the agency to the production company. The rider is signed by representatives of the agency and the production company and a copy is forwarded to the editorial company. When the editorial company's final invoice is prepared, or when the total of taxable elements is known, a copy of the editorial company's final invoice or a statement detailing total taxable elements is sent to the production company. After all work elements are shipped out of state for storage or final delivery, a copy of the editorial company's shipping documents are sent to the production company, proof that the elements have been shipped out of state. Once the statement of taxable elements and the shipping documents have been received by the production company, the production company can bill the agency for any sales tax due.

Prior to the completion of the job or upon the request of the editorial company, the production company should send a properly completed New York State Resale Certificate (ST-120) or Exempt User Certificate (ST-121)