



INDIRECT TAX

Utah enacts new Targeted Advertising Tax Tax Alert

Overview

On March 25, 2026, Utah enacted into law a new tax called the “Targeted Advertising Tax” under [Senate Bill 287](#) (“S.B. 287”). Beginning January 1, 2027, the Targeted Advertising Tax imposes an annual gross receipts tax on certain advertising entities delivering targeted advertising into Utah. This Tax Alert summarizes some of the relevant provisions included in S.B. 287.

Targeted Advertising Tax

S.B. 287 provides that beginning January 1, 2027, Utah will impose a Targeted Advertising Tax on those businesses that qualify as a “targeted advertising entity.” For purposes of the new tax, a “targeted advertising entity” is defined as a business entity that during the taxable year:

- delivers targeted advertising to an audience or individual located in the state;
- generates gross receipts of:
 - \$1,000,000 or more from targeted advertising in the state; and
 - \$100,000,000 or more from targeted advertising everywhere; and
- derives 50% or more of their total gross receipts from targeted advertising.

S.B. 287 defines “targeted advertising” as a transaction in which a business entity:

- delivers, by any means, an advertisement to an audience or individual on behalf of an advertiser in exchange for consideration; and
- in facilitating such transaction, employs the following practices or features:
 - the business entity sells advertising space to the advertiser through a bidding process;
 - the business entity obtains or develops individualized data profiles to deliver the advertisement; and
 - an individual to whom the business entity delivers the advertisement has the ability to interface with the advertisement to access information or make a purchase, including through a link or a quick response (QR) code.

An “advertisement” means any written, oral, or graphic statement or representation.

This new annual tax will be imposed on a targeted advertising entity’s gross receipts for the taxable year derived from targeted advertising in the state at a rate of 4.7%, which is the same tax rate as Utah’s state sales and use tax rate, and this tax is imposed in addition to all other Utah taxes. The targeted advertising entity’s gross receipts for

the taxable year derived from targeted advertising in Utah (i.e., the tax base) is equal to the product of the targeted advertising entity's total gross receipts derived from targeted advertising for the taxable year, and the amount determined by dividing the number of impressions the targeted advertising entity delivers to an audience or individual located in Utah during the taxable year by the number of impressions the targeted advertising entity delivers to all audiences or individuals everywhere during the taxable year. S.B. 287 defines "impression" as a single instance in which targeted advertising is delivered to an audience or individual, regardless of whether the audience or individual interacts with the advertisement.

Observation

As a result of S.B. 287, Utah has become the second state, following Maryland, to enact a digital advertising tax based on gross receipts.

Get in touch

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