

STATE OF NEW YORK

4778

2025-2026 Regular Sessions

IN SENATE

February 12, 2025

Introduced by Sens. GIANARIS, HARCKHAM, HOYLMAN-SIGAL, KAVANAGH -- read twice and ordered printed, and when printed to be committed to the Committee on Budget and Revenue

AN ACT to amend the tax law, in relation to establishing a tax on digital ads

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. The tax law is amended by adding a new article 15 to read
2 as follows:

3 ARTICLE 15

4 TAX ON DIGITAL ADS

5 Section 330. Findings and intent.

6 331. Definitions.

7 332. Imposition of tax.

8 333. Returns.

9 334. Tax payment.

10 § 330. Findings and intent. The legislature finds and declares the
11 following:

12 1. Many goods and services that have been traditionally subject to
13 state and local sales use taxes have avoided taxation in the digital
14 era. However, many digital transactions are harder to bring into the
15 sales tax base because instead of paying a monetary fee, customers some-
16 times barter their personal information for access to digital platforms.
17 This personal information is in turn sold for use in targeted advertise-
18 ments on digital platforms. To tax this consumption, leading tax econo-
19 mists have suggested using the receipts earned from digital advertise-
20 ments as a proxy for the value of the barter.

21 2. As has been noted by many, including the Organization for Economic
22 Co-operation and Development, the value of the consumption provided by
23 digital platforms is typically greater as the size of its network is
24 greater. The legislature finds that the consumption value provided by

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 networks of a small size is negligible, especially when compared to the
2 compliance burden that would be imposed on smaller digital platforms.

3 § 331. Definitions. As used in this article, the following terms shall
4 have the following meanings:

5 1. The term "annual gross revenues" means income or revenue from all
6 sources in New York state, before any expenses or taxes, computed
7 according to generally accepted accounting principles.

8 2. The term "assessable base" means the annual gross revenues derived
9 from digital advertising services in the state.

10 3. The term "digital advertising services" includes advertisement
11 services on a digital interface, including advertisements in the form of
12 banner advertising, search engine advertising, interstitial advertising,
13 and other comparable advertising services, that use personal information
14 about the people the ads are being served to.

15 4. The term "digital interface" means any type of software, including
16 a website, part of a website, or application, that a user is able to
17 access.

18 5. (a) The term "person" means any natural individual, receiver, trus-
19 tee, guardian, personal representative, fiduciary, or representative of
20 any kind and any partnership, firm, association, corporation, or other
21 entity.

22 (b) The term "person", unless expressly provided otherwise, does not
23 include a governmental entity or a unit or instrumentality of a govern-
24 mental entity.

25 6. The term "user" means an individual or any other person who
26 accesses a digital interface with a device.

27 § 332. Imposition of tax. 1. There is hereby imposed and shall be paid
28 a tax on the annual gross revenues any person derives from digital
29 advertising services in the state.

30 2. The tax imposed shall be apportioned to the state by the apportion-
31 ment factor determined pursuant to this section. The apportionment
32 factor is a fraction, determined by including only those receipts, net
33 income, net gains, and other items described in this section that are
34 included in the computation of the taxpayer's business income for the
35 taxable year. The numerator of the apportionment fraction shall be equal
36 to the sum of all the amounts required to be included in the numerator
37 pursuant to the provisions of this section and the denominator of the
38 apportionment fraction shall be equal to the sum of all the amounts
39 required to be included in the denominator pursuant to the provisions of
40 this section.

41 3. (a) The annual gross revenues of a person derived from digital
42 advertising in the state shall be included in the numerator of the
43 apportionment fraction. The annual gross revenues of a person derived
44 from digital advertising in the United States shall be included in the
45 denominator of the apportionment fraction.

46 (b) The commissioner shall adopt regulations to determine the amount
47 of revenue derived from each state in which digital advertising services
48 are provided.

49 4. The digital advertising gross revenues tax rate is seven percent of
50 the assessable base for a person with annual gross revenues derived from
51 digital advertising in the state exceeding one hundred million dollars.

52 § 333. Returns. 1. Each person that, in a calendar year, has annual
53 gross revenues derived from digital advertising services in the state of
54 at least one million dollars shall complete, under oath, and file with
55 the commissioner a return, on or before April fifteenth the year follow-
56 ing the effective date of this article.

1 2. (a) Each person that reasonably expects the person's annual gross
2 revenues derived from digital advertising services in the state to
3 exceed one million dollars shall complete, under oath, and file with the
4 commissioner a declaration of estimated tax, on or before April
5 fifteenth of that year.

6 (b) Any person required to file a declaration of estimated tax for a
7 taxable year pursuant to paragraph (a) of this subdivision, shall
8 complete and file with the commissioner a quarterly estimated tax return
9 on or before June fifteenth, September fifteenth, and December fifteenth
10 of such year.

11 3. Any person required to file a return pursuant to this section shall
12 file with the return an attachment that states any information that the
13 commissioner requires to determine annual gross revenues derived from
14 digital advertising services in the state.

15 4. Any person required to file a return under subdivision two of this
16 section shall maintain records of digital advertising services provided
17 in the state and the basis for the calculation of the digital advertis-
18 ing gross revenues tax owed.

19 § 334. Tax payment. 1. Except as provided in subdivision two of this
20 section, each person required to file a return under section three
21 hundred thirty-three of this article shall pay the digital advertising
22 gross revenues tax with the return that covers the period for which the
23 tax is due.

24 2. Any person required to file estimated digital advertising gross
25 revenues tax returns under paragraph (b) of subdivision two of section
26 three hundred thirty-three of this article shall pay:

27 (a) at least twenty-five percent of the estimated digital advertising
28 gross revenues tax shown on the declaration or amended declaration for a
29 taxable year:

30 i. With the declaration or amended declaration that covers the year;
31 and

32 ii. With each quarterly return for that year; and

33 (b) any unpaid digital advertising gross revenues tax for the year
34 shown on the person's return that covers that year with the return.

35 § 2. The tax law is amended by adding a new section 1816 to read as
36 follows:

37 § 1816. Digital ad tax. Any willful act or omission by any person
38 which constitutes a violation of any provision of article fifteen of
39 this chapter shall constitute a misdemeanor.

40 § 3. This act shall take effect immediately and shall apply to taxable
41 years beginning on and after January 1, 2026.