



Tax Insights  
from State and Local Tax  
Services

# Utah enacts targeted advertising tax beginning January 1, 2027

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## In brief

### What happened?

Utah enacted S.B. 287 on March 25, 2026, creating a new annual 4.7% tax that applies to a targeted advertising entity meeting specified revenue thresholds and delivering targeted advertising to Utah audiences. The enacted legislation uses an impressions-based apportionment methodology to determine the tax base.

The tax is imposed beginning January 1, 2027.

### Why is it relevant?

Utah's law is another example of state efforts to tax advertising that relies on automated placement, individualized data, and user interaction. Unlike Maryland's digital advertising tax, Utah's statute does not expressly refer to "digital advertising," but its definition of "targeted advertising" appears aimed at interactive, data-driven advertising transactions.

This development continues the trend, as other states also are considering taxes on digital advertising or data derived from consumers. Utah's enactment could prompt additional legislative activity, and businesses should monitor whether this type of tax withstands legal scrutiny.

## Actions to consider

Businesses with digital advertising revenue should evaluate whether their activities fall within Utah's definition of "targeted advertising" and whether they meet the statute's revenue thresholds. Affected taxpayers also may want to monitor whether Utah's tax draws legal challenges similar to those raised against digital advertising tax imposed in Maryland.

With the tax taking effect January 1, 2027, affected taxpayers should assess whether their systems can track Utah impressions and compute the required apportioned receipts amount. They also should begin evaluating data sources and compliance processes ahead of that date. In addition, businesses should monitor Utah State Tax Commission guidance and rulemaking, particularly around sourcing, reporting, return filing, and documentation.

## In detail

The new tax applies to a "targeted advertising entity." As with Maryland's digital advertising tax, Utah uses threshold-based rules to identify businesses subject to tax. A targeted advertising entity means a business entity that during the tax year:

- delivers targeted advertising to an audience or individual located in the state and
- generates gross receipts from targeted advertising of at least:
  - \$1 million in Utah and
  - \$100 million regardless of location, and
- has gross receipts derived from all targeted advertising, regardless of location, that constitute 50% or more of its total gross receipts.

S.B. 287 defines "advertisement" as "any written, oral, or graphic statement or representation." That broad definition contrasts with Maryland's digital advertising tax, which currently focuses on advertising that is programmatic and visually conveyed. The legislation provides that "targeted advertising" means a transaction in which a business entity (1) delivers, by any means, an advertisement to an audience or individual on behalf of an advertiser and in exchange for consideration, and (2) employs each of the following practices or features to facilitate the transaction:

- sells advertising space to the advertiser through a bidding process,
- 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 "impression" is a single instance in which targeted advertising is delivered to an audience or individual, regardless of whether the recipient interacts with the advertisement.

The tax is determined using the taxpayer's total gross receipts from targeted advertising everywhere multiplied by a fraction, the numerator of which is the number of impressions the targeted advertising entity delivers during the tax year to an audience or individual located in Utah. The denominator is the number of impressions to all audiences or individuals, regardless of location. The tax rate is the same

rate that applies under Utah's general sales tax statute (currently 4.7%). Based on the statute, the new targeted advertising tax appears to use that state rate and does not expressly incorporate local sales tax rates.

A targeted advertising entity must electronically file an annual targeted advertising tax return with the Utah State Tax Commission. The return must include the information the Commission requires to determine whether the tax applies, and the amount of Utah gross receipts subject to tax.

The Commission has authority to administer, collect, and enforce the targeted advertising tax. The Commission also may adopt rules addressing collection and remittance procedures, sourcing standards, and reporting requirements.

**Observation:** Utah's approach differs from other recent proposals (including Maryland's digital advertising gross revenues tax, which is currently subject to litigation) in that it has a single tax rate, is limited to entities deriving 50% or more of total gross receipts from targeted advertising, and has an impressions-based sourcing methodology.

Although Utah's statute does not refer to digital advertising, the statutory definition of targeted advertising, which requires a bidding process, individualized data profiles, and interactive user interfaces, effectively addresses online advertising transactions. Therefore, Utah's targeted advertising tax could face constitutional challenges similar to those raised against Maryland's tax despite efforts by the state. Finally, several practical questions around impression measurement and compliance could depend on future administrative guidance.

## Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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