Advertising Expenditure

The promotional products industry plays an important role in the national economy—collectively the industry provides more than half a million jobs and revenues of nearly $21 billion annually. Promotional products consist of any tangible item with an imprinted message and are one of the most effective, cost-efficient and longest-lasting media used by advertisers and marketers. Accordingly, promotional products are the fourth fastest-growing advertising medium, ranking eighth among traditional and digital media in annual expenditures.

Advertising expenses are one of the most common deductions for a business. These expenses are currently 100% deductible in the year the expenditures are incurred. Businesses that utilize promotional products typically have targeted and immediate advertising purposes. Unfortunately, recent tax reform proposals would allow only 50% of advertising expenses to be deducted in the current year, with the remaining 50% amortized over five years or more.

The promotional products industry opposes these proposals. Amortizing advertising deductions over the course of five or more years could result in curtailed use of all advertising media including promotional products. This outcome will decrease economic activity and reduce the effectiveness of the $6 trillion advertising industry. The long-standing treatment of advertising costs as fully deductible in the current year has been a component of business success since the inception of the tax code. We urge Congress to preserve the current standard.

Please keep the unique needs, challenges and interests of the promotional products industry in mind when considering legislation that could hamper the success of this dynamic business sector.