

# Memorandum

**100.0251**

To: Fresno Auditing (BAJ)

Date: Jan. 21, 1977

From: Tax Counsel (GJJ) - Headquarters

Subject: Preliminary Art

This will confirm our advice to you of January 12, 1977, with respect to the interpretation of paragraph (b)(4)(A) of Regulation 1540 "Advertising Agencies, Commercial Artists, and Designers."

The paragraph in question provides that "[Preliminary art] must be clearly identified on the billing as preliminary art." This does not mean that the preliminary art must be designated as "preliminary art" on the billing. Any suitable term, such as "roughs," "visualizations," "layouts," "comprehensives," "concept art," etc., descriptive of the preliminary art will suffice to meet the "identified" standard.