



STATE BOARD OF EQUALIZATION

September 27, 1965

Gentlemen:

This is in reply to your letter of September 15 in which you inquire if your sales of promotional material to customers are retail sales.

We understand that your customers use the promotional material by giving it to their customers who purchase certain of their products.

Ordinary promotional material is considered to be used by the retailer who distributes it free and its purchase is at retail. Accordingly, you should pay sales tax on your California sales of such material; you should, of course, collect sales tax reimbursement from those customers.

For your ready reference, we are enclosing a copy of Ruling 49 which is concerned with the general application of the Sales and Use Tax Law to sales of labels and containers.

If you have any further questions, please do not hesitate to write to us again.

Very truly yours,

Philip R. Dougherty
Assistant Counsel

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