



STATE BOARD OF EQUALIZATION

October 23, 1953

L--- S--- of P--- N---
XXX --- Street
--- --- XX, California

Attention: Mr. L--- W---
Director

Gentlemen:

You sell a correspondence course on a nationwide basis with about 97% of sales made to persons outside California. You inquire concerning the application of sales tax to your sales and to the cost of printing the course and advertising material.

The sales tax is imposed upon retail sales of tangible personal property in this state. It is our opinion that the tax applies to that portion of your total charge to students that represents the fair retail selling price of the books, lesson material, kits, models, records, and other tangible personal property to which the student obtains title. The tax would not apply, of course, to property which you mail to a point outside of California. See Section A-1-(c) of Sales and Use Tax Ruling 55 (copy enclosed).

The sales tax does not apply to sales for the purpose of resale in the regular course of business. Since you are regarded as selling the course material, it may be purchased ex tax for resale even though only a small portion of your retail sales will be taxable. You should furnish the printer with a resale certificate in the form prescribed in Ruling 68 (copy enclosed).

You are using the advertising material and the printer's sale to you is therefore a taxable retail sale.

We suggest you confer with a representative from our local office to file an application for a seller's permit and to work out the measure of tax upon your sales of course materials.

Very truly yours,

Bill Holden
Junior Counsel

BH:ja
cc: Santa Monica - Compliance