

**STATE BOARD OF EQUALIZATION**

(916) 445-8900

June 9, 1982

Mr. J--- M---
Mr. M--- M---
dba M--- E---
P. O. Box XXXX
--- ---, CA XXXXX

SR -- XX-XXXXXX

Gentlemen:

Your request for advice concerns the application of sales tax to charges for maintaining customer address data and the furnishing of address labels.

Address information from your customer is entered on a "diskette data file" which, we assume, refers to some type of computer. The address data is sorted to the customer's specifications and a proof copy (a print-out) of the sorted information is produced for customer review and approval. Corrections are made and more proof copies produced until final customer approval is received.

When an order for address labels is received from the customer, the file is updated for any changes in address data, a proof copy is made to verify the accuracy of the update, and the address labels are then printed. The labels are delivered to the customer with an invoice.

You charge a flat monthly fee for the file storage, delivery (?), file changes or corrections, sorting and proof copies. You make an additional charge for each label printed.

You request advice on the application of sales tax to these charges and ask whether tax would apply to a separate charge for a specifically requested print-out of all or a portion of a customer's address list.

As provided in Regulation 1502(d)(3), tax does not apply to your charges for producing address labels. This includes both the label printing charge and the monthly charge for maintaining the address file. We would regard separate charges for address file print-outs, furnished at the customer's request, to be taxable, however. This cannot be considered to be a mailing or addressing service. Further, we do not regard it as a nontaxable "mailing list", as that term is described in

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Regulation 1504(a)(1), and (a)(3) (copy enclosed), since you are simply furnishing information the customer already has an unrestricted right to use. Your charge is taxable, therefore, as the sale of material printed to the customer's special order.

Please contact us if you have any further questions.

Very truly yours,

Richard Ochsner
Tax Counsel

RHO:jw

Enclosure

cc: --- --- - Auditing (---)