



STATE BOARD OF EQUALIZATION

September 5, 1974

Dear Mr.

Your letter requesting a ruling on the taxability of photocopy service has been forwarded to this department.

You ask whether a taxpayer who rents or who purchases a photocopy machine similar to Xerox equipment for its own use is subject to tax on a flat, per copy charge it makes to other businesses to allow them to make photocopies on its equipment. The neighboring businesses use their own labor to produce the copy with the machine. The taxpayer makes a single charge for the service and the paper. Presumably the customer receives title to the copy. The cost of the paper is small in relation to the charge made.

In each case we will assume for the purposes of discussion that the rental of the purchase of the copy machine by the taxpayer was sales or use tax paid. Consequently, any rental of the copy machine by the taxpayer would not alone constitute a taxable sale. As you are aware the per copy charge by the taxpayer is a single charge made in return for the use of the copy machine by another person to the extent necessary to make the copy and for the title to the copy produced, if the charge were only for the rental (license) of the machine, it would not be taxable.

But this charge is a single, undifferentiated charge for that and for the title to the copy. Any charge for the transfer of title to tangible personal property must be included in reportable gross receipts from the sale of tangible personal property. So this charge is subject to tax.

Very truly yours

Philip R. Dougherty
Tax Counsel

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bc: West Los Angeles – Dist. Admin.