Your report of field audit dated January 10, 1955, of the above has been referred to me along with your memo of February 1.

We have given considerable thought recently to the proper application of the sales tax and use tax with respect to mats furnished to newspaper publishers.

You state that the mats in question are acquired from "A" and "B". "A" provides for a weekly lump-sum price, mats for comics, crossword and information features, as well as news service. "B" makes a monthly charge for a service consisting of mats from which advertisements are cast by the local newspaper.

We have long been of the opinion that the furnishing of a news service, comics, and features in mat form is the rendition of a service and not the sale of tangible personal property. We have recently reached the conclusion that the same rule should apply with respect to mats which are used to furnish advertisements to publishers.

The auditor was quite correct in taking the position that the mats do not become an ingredient or component part of a publication, but our position is based upon the theory that the furnisher of the mats is not furnishing tangible personal property but is furnishing essentially a service to publishers. We are, accordingly, returning the audit and request that you revise it in accordance with the views expressed herein.

E. H. Stetson