



STATE BOARD OF EQUALIZATION

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July 16, 1990

Mr. [X]
Vice President
[P]
XXXX --- ---
---, CA XXXXX

S- -- XX-XXXXXX

Dear Mr. [X]:

This is in reply to your May 18, 1990 letter regarding the application of sales tax to sales of posters. Specifically, you asked whether [P] can consider sales of posters that promote a specific product; e.g., a motion picture at videocassette rental stores, as exempt from sales tax under Sales and Use Tax Regulation 15441.5, Printed Sales Messages.

Subdivision (a) of Regulation 1541.5 defines "printed sales messages":

"'PRINTED SALES MESSAGES' means and is limited to catalogs, letters, circulars, brochures, and pamphlets printed for the principal purpose of advertising or promoting goods or services. The term includes such items as department store catalogs, brochures advertising automobiles and vacations, circulars advertising professional services, and coupon books. The term does not include campaign literature and other fund-raising materials, stationery, reply envelopes, except as provided for in (b) of this regulation, order forms, sales invoices, containers for sample merchandise, newspapers or periodicals, calendars, notepads, cash register tapes, or directories unless they meet the principal purpose of advertising or promoting goods or services."

Subdivision (b) of the regulation provides that tax does not apply to the sale or use of printed sales messages which are:

“(1) Printed to the special order of the purchaser;

“(2) Mailed or delivered by the seller, the seller’s agent or a mailing house acting as the agent for the purchaser, through the United States Postal Service or by common carrier;

“(3) Received by any other person at no cost to that person who becomes the owner of the printed material.”

You note that this Board previously issued an opinion that posters do not qualify as printed sales messages. However, on further review of the issue, we believe that, posters may qualify when they consist of a single sheet of paper and are printed to the special order of the purchaser for the principal purpose of advertising or promoting goods or services. If such posters are mailed or delivered to the donees in accordance with subdivisions (b)(2) and (3) of the regulation, the sale is exempt.

We hope this answers your question; however, if you need further information, feel free to write again.

Very truly yours,

Ronald L. Dick
Senior Tax Counsel

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