

**STATE BOARD OF EQUALIZATION**

(916) 445-8485

August 31, 1988

Mr. W--- M---
Financial Secretary
C--- T--- L--- A---
XXXX XXth Street, Xth Fl.
---, CA XXXXX

Re: SR -- XX-XXXXXX

Dear Mr. M---:

This is in response to your July 11, 1988 letter requesting an opinion whether the sales of brochures to the C--- T--- L--- A--- (C---) are exempt from tax as printed sales messages pursuant to Revenue and Taxation Code section 6379.5 and Sales and Use Tax Regulation 1541.5. You also inquire as to the form of the exemption certificate should the sales of the brochures be exempt.

It is our understanding of the facts that the C--- purchases from a printer brochures printed to the special order of the C---. These brochures advertise or promote conventions or seminars conducted throughout the State of California by the C---. It is also our understanding that C--- never receives these brochures from the printer but rather a mailing house (C--- C--- P---) distributes the brochures to persons who receive the free of charge and who become the owners thereof.

Except where the sales are specifically exempted by statute, sales tax applies to the gross receipts of retailers from all retail sales of tangible personal property in this State (Rev. & Tax. Code § 6051). Section 6379.5 of the Revenue and Taxation Code provides an exemption from tax for the sales, storage, use, or other consumption in this State of catalogs, letters, circulars, brochures, and pamphlets consisting substantially of printed sales messages for goods and services. To qualify for the exemption, the printed sales messages must be:

1. Printed to the special order of the purchaser for the principal purpose of advertising or promoting goods or services.
2. Mailed or delivered by the seller of the printed material, the seller's agent or a mailing house acting as the agent of the purchaser, through the United States Postal Service or by common carrier.
3. Received by any person, other than the purchaser or purchaser's agent, at no cost to that person who becomes the owner of the printed material.

Provided our understanding of the facts is correct, it is our opinion that the sales of brochures to the C--- are exempt as printed sales messages pursuant to section 6379.5 and Regulation 1541.5. They are printed to the special order of the C--- for the principal purpose of advertising; they are distributed by a mailing house; and the receiver of the brochures receives them at no cost and they become the owner of the brochures.

Assuming the sales of the brochures are exempt, you should issue your printer an exemption certificate in the form set out in Regulation 1541.5(c). Your issuance of the exemption certificate to the printer will enable your printer to report his sales to you of the brochures as nontaxable transactions.

I have enclosed a copy of Regulation 1541.5 (Printed Sales Messages) which should answer any questions as to the format of the exemption certificate. If you have any further questions, please feel free to write again.

Very truly yours,

E. L. Sorensen, Jr.
Senior Tax Counsel

ELS:md
Enclosure