



STATE BOARD OF EQUALIZATION

PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0001
TELEPHONE (916) 445-6450

March 4, 1993

Mr. R--- E. W---
Law Offices of
K---, M--- & U---
XXXX --- --- Avenue, Suite XXX
---, CA XXXXX

Dear Mr. W---:

This is in reply to your March 24, 1992 letter regarding the application of sales tax to sales of printed sales messages. You note the following facts:

“The subject of this request for information is commonly described as a ‘reply envelope/order form attached.’ The envelope and order form is a single sheet of paper. Approximately 2/3 of the sheet of paper has been folded and glued to make a postage-paid reply envelope. The remaining 1/3 of the sheet of paper comprises the order form and is separated from the envelope portion by a light perforation line and a printed perforation line. One side of the order form is fully devoted to a printed sales message promoting the benefits of subscribing to a magazine. The reverse side of the order form contains spaces on which the customer can affix stickers to indicate acceptance of one free issue of the magazine and to start a subscription to the magazine.”

Given this information, you asked whether the printed matter qualifies as a printed sales message as defined in Sales and Use Tax Regulation 1541.5. The regulation defines the term “printed sales messages” at subdivision (a)(1):

“‘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, cash register tapes, or directories unless they meet the principal purpose of advertising or promoting goods or services.”

Reply envelopes are covered at two places in subdivision (b). Subdivision (b)(8) provides that tax generally applies to sales of reply envelopes even though the purchaser may subsequently deliver the property to a printer for insertion into a printed sales message; however, reply envelopes and order forms will be considered part of a printed sales message when stapled, glued, or otherwise affixed to the printed sales message to become an integral part of the printed sales message and sold together with the printed sales message. Subdivision (b)(9) provides that tax applies to sales of reply envelopes to which printed sales messages are attached when the reply envelopes are provided for the primary purpose of securing a return payment on a billing or business reasons other than the promotion of goods or services.

As you note in your correspondence, the reply envelope to which you refer is provided for the primary purpose of promoting the sale of magazine subscriptions rather than to secure a return payment on a billing or other business purposes. Given that the reply envelope is for the purpose of securing an order, and the printed sales message and reply envelope comprise five-sixths of the printed document, we believe that, taken as a whole, the document was printed for the principal purpose of promoting the sale of the magazines and qualifies as a printed sales message.

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

Very truly yours,

Ronald L. Dick
Senior Tax Counsel

RLD:sr