



STATE BOARD OF EQUALIZATION

June 15, 1960

Dear Miss _____,

Your letter of May 4 to our Riverside office has been referred to this office for reply. You propose to start a trading stamp exchange business. You would exchange stamps with people so that they could accumulate stamps of a single kind rather than of several kinds. In this way, they could obtain premiums in a shorter time. You would charge about 25¢ per book of stamps, plus mailing costs.

This Board administers the Sales and Use Tax Law. The Sales and Use Tax Law applies to the sales of tangible personal property. It is our opinion that trading stamps are intangible property rather than tangible personal property. The reason for this opinion is that the value is exclusively based on the obligation assumed by the trading stamp company to issue premiums when the stamps are presented for redemption. No person would consider the stamps of any value solely for the paper they are printed on.

Since you are dealing in intangible property, you would not be subject to any sales or use tax, nor would you be required to obtain a seller's permit or file returns.

Very truly yours,

Bill Holden
Associate Tax Counsel