

**STATE BOARD OF EQUALIZATION**

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Executive Director

November 14, 1996

Ms. M--- C---
Finance Manager
C--- P--- P--- and D---
XXXX S.E. --- Way
---, OR XXXXX-XXXX

**Re: Sales Tax on Printing by Out-of State Printer
SC -- XX-XXXXXX**

Dear Ms. C---:

This is in response to your letter, dated August 29, 1996, in which you inquire about the application of sales tax on printed materials prepared for one of your customers, an Oregon based grocer with six outlets in California.

You explain that N--- P--- Inc., doing business as C--- P--- (C---), operates a printing facility in Oregon. In addition to printing, C--- also designs, typesets and binds printed materials for its customers. C--- registered with the Board as a retailer selling tangible personal property for use or other consumption in California, pursuant to Revenue and Taxation Code section 6226, in the first quarter of 1996.

Your inquiry concerns one of your clients, an Oregon based grocer with outlets in Oregon, Washington and California. You explain that:

“This client frequently requests that we produce a printed piece and ship various quantities to each of their locations; for which we currently send one invoice to the Portland office for payment. This printing is for use in the grocery outlets and consists of store signage, bagstuffers, advertising flyers, etc. On some occasions, we ship to a mailing house in Oregon.”

You ask whether you are required to prepare separate invoices and collect tax on these purchases from each of your client's California outlets. It is your position that it is only necessary to send a single bill to your client and that it is your client's responsibility to self assess any California sales or use tax that may be owed.

Under the California Sales and Use Tax Law, sales tax is imposed on a retailer's gross receipts from retail sales of tangible personal property occurring in California, unless the sale is otherwise excluded or exempted by statute. (Rev. & Tax. Code § 6051.) "Retailer" includes every seller who makes retail sales of tangible personal property. (Rev. & Tax. Code § 6015(a)(1).)

If C--- is not a retailer engaged in business in this state, within the meaning of section 6203, it would not be required to collect the use tax. However, since C--- chose to voluntarily register with the Board as a retailer, under Revenue and Taxation Code section 6226, it is required to collect all use taxes due with respect to its sales to California consumers. (See Reg. 1684(b).) There is no requirement that each of the California outlets be separately invoiced for each job. Thus, your current practice of issuing a single invoice to the Oregon client is sufficient. For purposes of establishing a record of your sales for use in California, these invoices should identify the products sold for use in California as well as the corresponding calculations of the use tax on these products.

The foregoing analysis applies to C---'s obligation to collect use tax. However, this tax is only required to be collected if the products sold for use in California are taxable under California's Sales and Use Tax Laws. You identify the products sold for use in California as "advertising flyers," "bagstuffers," and "store signage." Since you have not provided any samples of these products or explained the manner in which they are used or distributed, I cannot ascertain whether any of these products are excluded from California's Sales and Use Tax Laws. However, you should be aware that Revenue and Taxation Code section 6379.5 provides an exemption from tax, under specified circumstances, for certain sales and uses of printed sales messages. From the facts you have provided I do not believe that any of these products qualify for this exemption. However, for your convenience, I have included a copy of Regulation 1541.5 which explains the circumstances under which this exemption would apply.

If you have any further questions please feel free to contact this office again.

Sincerely,

Patricia Hart Jorgensen
Senior Tax Counsel

PHJ:cl

Enclosure (Reg. 1541.5)

cc: Out-of-State District Administrator