



STATE BOARD OF EQUALIZATION

September 22, 1965

Gentlemen:

This is in regard to our letter of August 26, 1965 concerning the application of sales tax with respect to throw-away-type advertising circulars which "T" prints for your firm. "T" inserts 200,000 of these circulars in its newspapers for distribution therewith and delivers 50,000 circulars to you, which you distribute by mail and by hand.

Upon further consideration of this matter, it appears to us that the 200,000 circulars which "T" inserts in its newspapers may properly be regarded as becoming components of newspapers. Accordingly, the charges for printing and distributing such circulars are exempt from sales tax (Revenue and Taxation Code Section 6362 and sales tax Ruling 49).

Inasmuch as the remaining 50,000 advertising circulars are not printed or distributed as components of newspapers, they do not qualify for the exemption. Therefore, your sale of these circulars to your client is a retail sale, the gross receipts from which are subject to sales tax.

Very truly yours,

George A. Trigueros
Associate Tax Counsel

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