

**STATE BOARD OF EQUALIZATION**

1020 N STREET, SACRAMENTO, CALIFORNIA
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(916) 327.3400

June 11, 1991

Mr. T--- H. W---, Jr.
D---'s G--- I--- C---, Inc.
XXXX --- Avenue
---, California XXXXX-XXXX

Re: D---'s G--- I--- C---, Inc.
FR -- XX-XXXXXX

Dear Mr. W---:

I have been asked to respond to your April 31, 1991 letter to John Abbott requesting legal advice as to whether the sales tax exemption for periodicals is applicable to D---'s G--- I--- C---'s quarterly and annual reports. You enclosed the reports for 1990 which consist of three quarterly reports, each of whose format is one page folded in thirds, and one annual report whose format is a 24-page bound booklet.

Except where 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.) Under Revenue and Taxation Code § 6362, sales of periodicals "regularly issued at average intervals not exceeding three months are exempt from sales tax. Sales and Use Tax Regulation Section 1590 (enclosed) defines "periodicals" as:

“. . . those publications which appear at stated intervals, each issue of which contains news or information of general interest to the public, or to some particular organization or group of persons. Each issue must bear a relationship to prior or subsequent issues in respect to continuity of literary character or similarity of subject matter and there must be some connection between the different issues of the series in the nature of the articles appearing in them. Each issue must be sufficiently similar in style and format to make it evident that it is one of a series. An annual report of a corporation which is substantially different in style and form at from the corporation's quarterly report is not part of a series with the quarterly reports . . .”

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Under the above-quoted regulation, D---'s reports do not qualify for the periodical exemption because the quarterly reports are substantially different in format from the annual report. The quarterly reports are similar to each other but are not published with the required frequency (at least four times a year) to themselves qualify for the exemption.

Please feel free to contact us again if you have further questions.

Sincerely,

Stella Levy
Tax Counsel

SL:cl

Enclosure