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**STATE BOARD OF EQUALIZATION**

(916) 445-6493

March 7, 1984

Dear Mr. ---

This is in reply to your letter of January 24, 1984. You ask whether the "Residential Real Estate and Insurance Newsletter" published by --- --- --- qualifies as an exempt periodical.

We have examined the March 1983 copy of this publication which you enclosed with your letter. This publication is issued at stated intervals four times annually, and it contains articles on residential real estate and insurance topics.

As provided under Section (b) (1) of Sales and Use Tax Regulation 1590, tax does not apply to the sale of any "periodical," nor to the sale of any tangible personal property which becomes an ingredient or component part of any "periodical" regularly issued at average intervals not exceeding three months. The term "periodical" is limited to those publications which appear at stated intervals, each issue which contains news and information of general interest to the public, or to some particular organization, or group of persons. (Regulation 1590 (a) (2). ) The term "periodical" does not include any publication in which the advertising portion, including product publicity, exceeds 90 percent of the printed area of the entire issue in more than one-half of the issues during any 12-month period.

In our view, the "Residential Real Estate and Insurance Newsletter" published by --- --- -- - qualifies for exemption from sales tax pursuant to Revenue and Taxation Code Section 6362 and Regulation 1590 as a periodical regularly issued at average intervals not exceeding three months provided the advertising portion, including product publicity, of this publication does not exceed 90 percent of the printed area of the entire issue in more than one-half of the issue during any 12-month period.

As an exempt periodical, tax does not apply to ink, staples, paper, or other materials physically incorporated into your publication. Tax does not apply to the charges made to you for

printing this publication. Tax does not apply separately itemized artwork, photographs, and printing aids used in the retained by the printer. Furthermore, tax does not apply to the charges made to subscribers or other persons who purchase your publication.

Charges for artwork, photographs, and printing aids used in the production of your exempt periodical are taxable if you acquire ownership to these items, whether these items are delivered to you or are retained by the printer as your property. Tax applies because these items are not physically incorporated into the exempt publication.

If you have any further questions concerning this matter, please write this office.

Very truly yours,

Charles J. Graziano  
Tax Counsel

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