

**STATE BOARD OF EQUALIZATION**

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June 8, 1990

Ms. D--- K. S---  
Financial Analyst  
S--- U---  
O--- of the C---  
XXX --- Street  
---, CA XXXXX-XXXX

Dear Ms. S---:

This is in response to your letter of March 5, 1990. We apologize for the excessive delay in our response. You have inquired as to the taxability of purchases of books and documents from international organizations such as the United Nations, the Organization of American States, and the Organization for Economic Cooperation and Development.

It is your understanding that these purchases are exempt from sales and use tax because these organizations are government entities. Your basis for considering these organizations to be governmental entities is that the United States government has treaties with them, and treaties can only be concluded between governments.

While neither sales nor use tax applies to books and documents purchased from foreign governments, we do not regard international organizations as foreign governments, but as entities separate and apart from the constituent member states. Generally, there are no exemptions in the Sales and Use Tax Law for sales made by international organizations.

The California sales tax applies to sales of tangible personal property. The legal incidence of the tax is upon the seller, although customarily the tax is passed on to the purchaser as a separately itemized amount. The California use tax is imposed upon the purchaser. The use tax is due from purchasers in situations where the sales tax does not apply, unless there is also a use tax exemption.

Transactions involving the United Nations illustrate the dual taxing system. The United Nations is unique in that it is not required to pay sales tax on its sale transactions. This is because the United Nations is expressly immune from direct taxation, by treaty. However, the

treaty immunity of the United Nations does not shelter purchasers from the California use tax, because the use tax is imposed directly on the purchaser. Thus, purchases made from the United Nations are subject to use tax.

On your sales and use tax return you should report use tax measured by the purchase price of all books and documents purchased from international organizations, if you have not paid California tax directly to the organizations.

We note the same interpretation applies to states of the United States (other than California). Neither sales tax nor use tax applies to sales by, or purchases from, sister states. Tax does apply to sales made by, or purchases made from, organizations whose members are states of the United States. Thus, tax applies, for example, to sales made by the Multistate Tax Commission.

Sales made by, and purchase made from, the State of California are taxable.

Very truly yours,

Gary J. Jugum  
Assistant Chief Counsel

GJJ:sr