



432.0031

STATE OF CALIFORNIA

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December 8, 1992

REDACTED TEXT

REDACTED TEXT

Dear Ms. Lavelle:

This is in reply to your October 15, 1992 letter regarding the taxable status of "The REDACTED TEXT Directory."

You explain that the directory is produced by the Associated Students of REDACTED TEXT (Association) and distributed by an outside carrier.

We are unable to give you a specific answer without a description of the transaction to which you are referring. We assume that REDACTED TEXT sells the printing of the directory to the Association, and you are asking for the application of sales tax to REDACTED TEXT's charge.

Unless a specific exemption applies, sales tax applies to the gross receipts of REDACTED TEXT's retail sale to the Association of the printing of the directory. (Rev. & Tax. Code § 6051.)

Enclosed is a copy of Sales and Use Tax Regulation 1541.5, Printed Sales Messages. As provided in subdivision (b) of the regulation, tax does not apply to the sale or use of printed sales messages which are printed to the special order of the purchaser; mailed or delivered by the seller, the seller's agent, or a mailing house acting as the agent for the purchaser, through the United States Postal Service or by common carrier; and received by any other person at no cost to that person who becomes the owner of the printed material. Subdivision (a)(1) of the regulation defines "printed sales messages." The term does not include directories unless they meet the principal purpose of advertising or promoting goods or services. We have taken the position that a directory qualifies as a "printed sales message" if more than one-half of the directory consists of such advertising.

You sent a copy of "The REDACTED TEXT Directory" for our review. Four hundred thirty-two of the pages are directory listings, and 276 pages are advertising. Since not more than 50 percent of the printed area is advertising or promoting goods or services, the directory does not qualify as a printed sales message.

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Unless there are other circumstances of which we are unaware, sales tax applies to your sale of the directory to the Association in this state.

We hope this answers your questions; however, if you need further information, feel free to write again.

Very truly yours,

Ronald L. Dick
Senior Tax Counsel

RLD:sr

Enc.