STATE BOARD OF EQUALIZATION

1020 N STREET, SACRAMENTO, CALIFORNIA
(P.O. BOX 942879, SACRAMENTO, CALIFORNIA 94279-0001)
TELEPHONE: (916) 324-2614
FAX : (916) 323-3387

February 26, 1997

Mr. D--- E---
XXXX --- Place
---, CA XXXXX

Dear Mr. E---:

This is in response to your letter dated January 21, 1997, regarding the application of tax to your sales of advertising space on the internet. You state that your business consists of selling advertising space on the internet to purchasers over the telephone. You ask if tax applies to your sales of the advertising space.

DISCUSSION

Retail sales of tangible personal property in California are subject to sales tax, measured by the gross receipts, unless the sale is specifically exempt from taxation by statute. (Rev. & Tax. Code § 6051.) Revenue and Taxation Code section 6006, subdivision (a) defines "sale" as a transfer of title or possession, in any manner or by any means whatsoever, of tangible personal property for a consideration. Tangible personal property is personal property which can be seen, weighed, measured, felt or touched, or which is in any manner perceptible to the senses. (Rev. & Tax. Code § 6016.)

Our understanding is that you do not transfer any tangible personal property to the purchaser of the advertising space on the internet. Where the sale of advertising space involves no transfer of tangible personal property to the purchaser of the advertisement, no sales or use tax applies to such sale. (See BTLG Annot. 540.0015 (11/21/94).) If you provide any tangible personal property to the purchaser, your charges for the tangible personal property would be subject to tax.

If you have any further questions, please write again.

Sincerely,

Sophia H. Chung
Tax Counsel

SHC:rz

cc: Oakland District Administrator (CH)