



STATE BOARD OF EQUALIZATIONPO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0001
TELEPHONE (916) 445-6450

September 28, 1979

Mr. A. J. D---, Jr.
Director of Operations
D---
P. O. Box XXXX
---, California XXXXX

Dear Mr. D---:

This is in response to your letter of August 21, 1979. We are also in receipt of your letter of September 18.

We understand that you are in the process of opening a new business and are attempting to determine if sales tax applies to charges made by your company. You have been tentatively advised by a representative of our [city] field office that the tax does not apply. However, you seek confirmation of this interpretation from this office.

Your firm will be engaged in the following two activities:

1. Your firm supplies a weekly listing of various economic indicators and a graphic representation of these indicators to each customer. The data is collected, collated, and distributed entirely by your staff. The work is accomplished on electronic data processing equipment and the graph is generated under computer control.
2. Data, such as monthly sales amount, or engineering analysis figures, are supplied to your firm by your customers. Under computer control, these data points are taken and a graph is generated representing the same information as supplied. In some cases, arithmetic calculations such as averages and trend calculations are made and the graphs reflect the outcome of these calculations.

We are of the opinion that you will be required to hold a California seller's permit.

Sales tax may apply to charged made to clients for activities described in category one, above. Under Revenue and Taxation Code Section 6006, the term "sale" means and includes any transfer of title to tangible personal property for a consideration, including a transfer of title to tangible personal property which has been printed to the specific order of the customer. In other words, your sale of listing of various economic indicators and graphic reproductions thereof constitutes sales of printed matter. The tax will apply unless the report qualifies as an exempt periodical under our Regulation 1590, "Newspapers and Periodicals," copy enclosed for your reference.

In regard to the second activity, tax applies in those instances where customer-furnished data is converted to graphic form without further processing. However, in those instances where arithmetic calculations are made the tax does not apply. Such calculations constitute "processing of customer-furnished information" under our Regulation 1502, "Automatic Data Processing Services and Equipment," a copy of which is also enclosed for your reference. Under the regulations tax generally does not apply to contracts calling for processing of customer-furnished information where the output product is furnished in human-readable form. See paragraph (d)(5).

We apologize for the delay in our response.

Very truly yours,

Gary J. Jugum
Assistant Chief Counsel

Enclosures