

Jarvis, Sharon

From: Jarvis, Sharon
Sent: Tuesday, February 05, 2002 1:09 PM
To: Rosenthal, Dave
Cc: Lyle, Geoff; Beck, Barbara; Anderson, Vic
Subject: Annotations on Periodicals (perhaps they should all be reviewed in light of the below comments)

385.0920 (3/2/67) - this annotation should be changed to reflect the fact that under the current version of Rev. and Tax. Code section 6362.7 and Reg. 1590 "periodicals" are no longer exempt unless they are sold by subscription delivered by mail or common carrier or are subject to some other exemption such as being distributed by a nonprofit.

I suggest the word "exempt" in the last sentence of the annotation be deleted and replaced by the word "periodicals." That should take care of the problem.

385.0040 (2/8/67) - same problem in using the word "exempt" in the annotation. I suggest that you delete the word "exempt" in the first sentence of this annotation and replace it with the word "periodicals."

385.0060 (10/9/67) - same problem as above. I suggest you just delete the word "exempt" from the annotation and replace the word "an" with the word "a."



STATE BOARD OF EQUALIZATION

March 2, 1967

Gentlemen:

This is in reply to your letter of January 18, 1967 concerning the taxability of certain publications you sell and lease in California.

It is our understanding that "A" sells or leases the following publications in California:

1. "Basic Guide Service" - Published in loose-leaf form, furnished with a loose-leaf binder; leased on an annual basis, depending on the particular sections requested by its client, from \$40 for the complete service down to the smallest unit for \$22.50 annually. This Guide is kept current on approximately a monthly basis as transportation rates and routings are changed.
2. "Allied Guide Service" - Published in loose-leaf form with a loose-leaf binder furnished; leased on annual basis at \$25. The material in this Guide is kept current also on approximately a monthly basis.
3. A complete set of "Albrecht's Metropolitan Zone Guides" which are sold at a price of \$5.25 per set with up-to-date materials being furnished to subscribers approximately bi-annually.
4. "Los Angeles Motor Freight Guide" pamphlet - Sold for \$1.25; reissued on an annual basis.
5. "San Francisco/Oakland Motor Freight Guide" pamphlet - Sold for \$1.25; reissued on an annual basis.

Basically, these "guide books" are directories which set forth information concerning the freight rates and freight routings of the various motor freight transporters servicing various given areas in and outside California

You ask whether any of these "guide books" qualify as exempt periodicals under Ruling 50. One of the requirements that a publication must meet to be considered a periodical under Section 6362 of the Sales and Use Tax Law and Ruling 50, is that it is issued regularly at average

intervals not exceeding three months. Since the basic "guide books" are issued annually, and the supplement to "Albrecht's Metropolitan Zone Guides" is issued bi-annually, they do not satisfy the periodicity requirement and, therefore, do not qualify as exempt periodicals. However, it appears that the monthly supplements to the "Basic Guide Service" and "Allied Guide Service" properly may be classified as exempt periodicals providing the advertising portion, including product publicity, does not exceed 90 percent of the printed area of the entire issue in more than one-half of the issues during any 12-month period.

In view of the foregoing, it is our opinion that you are required to continue to collect and pay tax on the sale and lease of the basic "guide books" and the supplement to "Albrecht's Metropolitan Zone Guides", but are relieved from paying and collecting tax on the amount you charge for the updated supplements of "Basic Guide Service" and "Allied Guide Service". You should, however, segregate on your invoices the charges attributable for these supplements and for the basic "guide books".

Very truly yours,

E. H. Stetson
Tax Counsel

By Glenn L. Rigby

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