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**STATE BOARD OF EQUALIZATION**

April 7, 1967

To: Los Angeles Dist. Prin. Auditor (JTQ)

From: Tax Counsel (EHS)

When a publication is furnished by an organization to members as one of the privileges of membership for which a lump-sum payment is made, it would appear that the publication is an incidental benefit and should be regarded as consumed by the organization rather than resold.

On the other hand, some organizations sell subscriptions to a magazine and the subscribers automatically become members of the organization. I think the "N" is of this type.

If membership is incidental to the subscription, we would have a sale of the publication. When the publication is incidental to membership, we would regard the organization as the consumer of the publication and, of course, the containers in which the publications are mailed to members.

Although more information may be required to reach a definite decision, it appears from what was submitted by you that in the case of "L" the publications are incidental to membership and not vice versa. Therefore, I would say at this time that the sale of the containers to "L" is taxable. The containers are not regarded as ingredient or component parts of the publication. See paragraph 1595.99, California Tax Service.

EHS:fb [lb]

Proposed Regulation 1590 sets forth a more specific test, and that test is controlling over this annotation.

D. H. L.  
7/22/92