



STATE BOARD OF EQUALIZATION

June 6, 1984

To: San Francisco – Auditing (AED)

From: Head quarters – Legal
John Abbott

Subject: Paperback Sourcebooks

This is in reply to your memorandum dated April 20, 1984. You relate:

Taxpayer publishes, among other things, "Paperback Sourcebooks", which are sold both on a subscription basis and by single copy. Each series of Sourcebook is published quarterly and deals with topics relating to a specific field, such as new directions for child development or new directions for continuing education.

Taxpayer has considered subscription sales of the Sourcebook as sales of exempt periodicals because each book in a given series has similarity of subject matter, style, and format, and each series is regularly issued at average intervals not exceeding three months. Single copy sales, however, have been taxed as books.

We have examined some Sourcebooks and a Sourcebook catalog, and believe that they are not exempt periodicals, but rather books complete in themselves.

We've enclosed two books from the, New Directions for Higher Education Series, and two from the New Directions for College Learning Assistance Series, as well as a catalog. Please advise us as to the correct status of the Sourcebooks under Regulation 1590, and return the books with your reply.

Our conclusion is that the paperback sourcebooks qualify as exempt periodicals. Regulation 1590 states in part:

The term "periodical" does not include books complete in themselves, even those that are issued at stated intervals, for example, books sold by the book-of-the-Month Club or similar organizations; so-called "pocket books," a new one of which may be issued once a month or some other interval; or so-called "one-shot" magazines that have no literary or subject matter connection or continuity between prior or subsequent issues.

We consider that this provision does not apply to the paperback sourcebooks. Each issue of the sourcebooks contains a series of articles (by different authors) on different topics. While it is true that each issue is devoted to a single theme (in the sense that each article's topic is related to the general theme of the particular issue), we do not consider that this fact converts each issue into a book complete in itself.

Rather, we conclude these sourcebooks meet the requirement of Regulation 1590 that "... there must be some connection between the different issues of the series in the nature of the articles appearing in them." For example, all the articles on topics relating to learning assistance programs (issue number 5, September 1981), and all the articles on topics related to teaching mathematics (issue number 6, December 1981), can reasonably be considered to be connected to the broader subject of "New Directions for College Learning Assistance," which is the title of that particular series.

You also state that the taxpayer treats single copy sales of these publications as taxable sales of books. Unless there are additional facts we are not aware of, we think this is not correct. Single copy sales of exempt periodicals are exempt from tax, just as are subscription sales. Even reprints of exempt periodicals, when issued by the original publisher, are exempt. Annotation 385.1240.

JA: ss
Encl.