



STATE BOARD OF EQUALIZATION

November 21, 1968

Gentlemen:

This is in reply to your letter of November 6, 1968 addressed to Mr. H. A. Bindman.

We understand that you have a cold type service. You use an IBM composer, which resembles a Selectric typewriter, to type your customer's copy on a piece of paper. When a type size that is larger than 12 point is needed, you set the "display head" on a Headliner machine and paste that on the copy. You also rule forms and then place them in the Composer to type in the small headings.

You have two types of customers: (1) printers, who photograph your work and then make a plate, print from the plate, and sell the printing to their customers; and (2) inplant print shops who do the same thing with your work but use the subsequent printing in their own plants. You have been marking invoices for group (1) "for resale", and collecting tax from group (2).

On these facts, your status is that of a typographer who is fabricating and transferring composed type or reproduction proofs for use in the preparation of printed matter. In accordance with Section 6010.3 of the Revenue and Taxation Code, such a fabrication and transfer is not a sale for purposes of the Sales and Use Tax Law. Accordingly, none of your charges to any of the customers described above are taxable. Although Section 6010.3 was only recently enacted, it reflects our previous interpretation of how the tax applies to operations such as yours.

For additional information, we are enclosing a copy of Section 6010.3, a copy of Ruling 24, and a copy of Business Taxes General Bulletin 62.3.

Very truly yours,

T. P. Putnam
Tax Counsel

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