

**M e m o r a n d u m****430.0379**

To: San Mateo – Audit (VW)

Date: March 11, 1982

From: Headquarters – Legal (RLD)

Subject: X-----

This is in reply to your January 19, 1982 memorandum regarding the application of sales and use tax to sales of typography to X-----.

We understand that X----- is a publisher of books. The printers of the books are all located out of state. In state and out of state typographers furnish camera-ready copy, paste-ups or assemblies, all of which include artwork, to X-----.

You asked for the application of tax to the typography when:

1. The finished product is sent to X----- (in state) with X----- forwarding it to the printers.

Since the typography includes artwork, the transfer of such typography is subject to sales or use tax. (Sales and Use Tax Regulation 1541 (f).) When the typographer is located in California, sales tax applies to the typography that is sent to X-----in California regardless that X----- immediately ships the typography out of state. (Regulation 1620 (a) (3) (A) .)

When the typographer is located outside California and ships the typography to X----- state, no use tax is due if X----- makes no use of the typography but merely ships the typography to the printer to use out of state (Section 6009.1, Revenue and Taxation Code).

2. The finished product is sent to X----- (in state) with X----- sending it back to the typographer for last-minute changes. The typographer after making changes, sends the finished product to the printers (out of state) and a copy to X----- (in state). This gives X----- one last chance to make any corrections before the printer begins.

If the sale of typography to X----- by an in state typographer otherwise qualifies for exemption from sales tax as a sale in interstate commerce, the typographer would not lose the exemption by making a temporary transfer of possession of the typography to X----- for mere approval before the typographer makes needed corrections and ships the typography out of state. (Sales and Use Tax Annotation 325.0900 and 325.0920.) This is true regardless that the typographer sends a copy of the typography to X-----.

Further, no use tax is due if an out of state typographer sends typography to X----- in California for such approval and X----- returns the typography to the typographer to send to the out of state printer.

We hope this answers your questions. If you need further information, feel free to write again.

RLD:jw