

**STATE BOARD OF EQUALIZATION**

1020 N STREET, SACRAMENTO, CALIFORNIA
(P.O. BOX 942879, SACRAMENTO, CALIFORNIA 94279-0001)
(916) 445-2641

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December 21, 1992

REDACTED TEXT

Re: REDACTED TEXT

Dear REDACTED TEXT

This is in response to your letter of October 1, 1992. You own and operate a word processing and database business. You have copies of our Regulations 1502 and 1504 but need assistance in applying them to your specific transactions.

I am enclosing a copy of Regulation 1502.1, so you will have all three regulations applicable to your transactions. I will now respond to each of your specific fact situations:

1. You receive an audio tape which you transcribe and print out for your client.

This work is tax exempt as a service so long as you provide only one copy to your client. If additional copies are provided, they are subject to tax. This applies to multiple copies of form letters, where each is only slightly different, to personalize what is essentially the same letter. If the services and the copying occur as one transaction, the tax would apply to the gross receipts of the entire transaction with no deduction for the services performed before the copies are printed out. Annotation 430.0230, copy enclosed, and Regulation 1502.1(a).

2. You receive hard copy notes which you transcribe and print out for your client.

This transaction would be the same as the transaction in number one, above. You perform a nontaxable service when you produce one original document. Making additional copies, without regard to how the original was prepared, and without regard to the type of equipment used to produce the copies, makes the transaction taxable.

3. You receive hard copy outline notes, from which you produce color overhead transparencies. You may or may not put each transparency into a cardboard frame.

Where the true object of the transaction is the physical output produced, sales tax will apply. It is our opinion that the transparencies are the true object of the transaction, and subject to sales tax.

4. You receive hard copy outline notes, which you transcribe and print out for your client.

This transaction would be the same as the transaction in numbers one and two, above.

5. You receive a mailing list on a computer disk. You produce individual “boilerplate” letters to each person on the list.

The true object of this transaction is the production of multiple copies of what is essentially the same letter. Regulation 1502.1(a). The transaction is subject to sales tax.

If you have other questions, please contact me.

Sincerely yours,

Donald L. Fillman
Tax Counsel

DLF:kl

Enclosures: Annotation 430.0230, Regulation 1502.1(a)

bc: San Francisco District Administrator