



STATE BOARD OF EQUALIZATION

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Executive Director

March 9, 1995

REDACTED TEXT

Re: REDACTED TEXT

Dear REDACTED TEXT:

This is in response to your letter dated March 2, 1995 regarding the application of sales tax to sales of phone debit cards.

We do not consider sales of debit cards to be sales of tangible personal property within the meaning of the Sales and Use Tax Law. The debit cards are, in legal terms, indicia of their prepaid value. The owner of the card acquires the card as a token of value. The sale of a phone debit card as an indicia of its prepaid value is not subject to sales or use tax. (Generally, the person who first sells the card as an indicia of its prepaid value would be the consumer of the card, and sales or use tax would apply to the sale of the card to that person.)

If you have further questions, feel free to write again.

Sincerely,

David H. Levine
Supervising Staff Counsel

DHL:cl

cc: REDACTED TEXT District Administrator