

STATE BOARD OF EQUALIZATION

OFFICE CORRESPONDENCE

Place: Sacramento, California

Date: July 27, 1951

To: REDACTED TEXT

From: R. G. Hamlin

Re: Press Clipping Bureau

You have asked whether press clipping bureaus should be regarded as rendering a service or as sellers of tangible personal property, for sales tax purposes.

A review of our files indicates that press clipping bureaus generally have no procured seller's permits, and have not been paying the tax. Nor has correspondence been found in our files indicating that the question has been previously presented to us.

Although the matter may not be free from doubt we are of the opinion that the agreement between the press clipping bureau and its subscribers constitutes a contract for the rendering of a service, rather than an agreement for the sale of tangible personal property. Accordingly, we do not regard the tax as applicable to the gross receipts derived therefrom, even though the charges are based on a unit basis per clipping.

RGH:ja