

385.0000 NEWSPAPERS AND PERIODICALS—Regulation 1590

(a) IN GENERAL

385.0005 Address Cards. The Postal Service requires that material which is mailed at bulk rate must be accompanied by an address card. If the material which is mailed qualifies as an exempt periodical, the address card is regarded as an integral or component part of the publication. If the card carries advertising, that would be considered in determining the percentage of advertising in the publication. 6/4/86.

385.0012 Baseball Cards. A hobby shop believes that baseball cards meet the criteria of a periodical because they “are printed/dated material of each ball player and his statistics on a yearly basis. Therefore, they fall into the same category as any printed material issued in a series.”

Although baseball cards contain information of a general interest to purchasers, they are not publications which appear at stated average intervals not exceeding three months. Baseball cards are printed on an annual basis by the distributors, and it makes no difference for sales and use tax purposes that smaller packages of the cards are sold throughout the season, or that there is a resale market for used cards. Sales of new or used baseball cards do not qualify as sales of periodicals. 4/20/89.

385.0015 Bill Inserts. A printer prints loose leaflets (bill inserts) for a utility company which are sent with the monthly bills. The printer believes that the monthly bill inserts qualify either as a periodical or printed sales messages. The printer states that the bill inserts appear at stated intervals (monthly), contain news or information of general interest to the public, or to some particular organization or group of persons (utility company’s subscribers), and each monthly issue bears a relationship to a prior or subsequent issue in respect to continuity of literary character or similarity of subject matter and there is some connection between the different issues of the series. In addition, the items are printed to the specific order of the customer, the items are mailed by the U.S. Postal Service, and the items are received by the subscribers at no cost to them. The printer also claims that it makes no difference whether there is an independent mailer of the item.

The bill inserts do not meet the definition of a periodical because they constitute handbills. The items are in the nature of notices and/or advertised services or pertaining to PUC regulations, etc. They are small, one-page items and are not printed at stated intervals, although they generally have a printing date on the back. Even if the bill inserts were not considered handbills, they are publications in which the advertising exceeds 90% of the printed area of the entire issue. Additionally, the PUC-required notices do not qualify because each notice is independent, and not one of a series of issues of the same publication.

The bill inserts do not meet the requirement of the printed sales messages because they were delivered by a nonqualifying method. The bill inserts were delivered to the purchaser, the utility company, not to the final destination or to a mailing house. The PUC-required notices are not printed sales messages because they are not printed for the principal purpose of advertising goods or services. 2/4/93.

385.0020 Book List. A bookstore’s monthly publication, consisting of a bibliographic listing of newly published books and distributed on a complimentary basis to librarians, is not an exempt periodical under law section 6362 because each issue indicates that the books are in stock, that the issue itself can be used as an order form, and that discounts are available, making the publication essentially a sales catalog or advertising brochure. 7/25/69.

385.0040 Bowling Score Sheets. Bowling scoresheets are not periodicals even though some sheets contain news and information of interest to persons who bowl. The requirement under the Regulation that each issue must contain such information is not met, nor is the requirement of appearance at stated intervals. 2/8/67. (Am. 2003–1).

385.0060 Bowling Service League Sheets. Compilation of bowling league standings and scores of individual league members published weekly during the league season qualifies as a periodical under section 6362. 10/9/67. (Am. 2003–2).

[385.0070](#) **Brochures Which Include Over 90 Percent Advertising.** An advertising brochure containing entries from many advertisers, published every month in the same format, is not an exempt periodical because over 90% of the printed area contains advertising material. The brochure does, however, meet the criteria for exemption for printed sales message when the brochures are picked up by a distribution house or common carrier and distributed to others, including some of the advertisers, at no charge.

Although the advertisers pay the publisher for the right to be included in the brochure, none of the amount can be considered to be payment for the brochures because the advertisers pay the same fee regardless of whether they choose to receive copies of the brochure, or choose not to receive copies of the brochures. 12/20/90.

[385.0080](#) **Bulletin** published 35 weeks out of year, closing down during summer vacation, is exempt under section 6362 as regularly issued at average intervals not exceeding 3 months. 7/31/50.

385.0098 **Corporate Reports.** Three quarterly reports and an annual report which contains both fourth quarterly results and a year end summary, all being similar in format and content, are considered four issues of the same publication, and are thus periodicals. 4/30/90.

385.0120 **Catalogs.** Price/order books, although issued quarterly, or more often, do not qualify as exempt periodicals under section 6362. 6/16/66.

385.0140 **Comic Books.** Comic books are exempt under section 6362 if published serially under same title at least once quarterly. 7/31/50.

[385.0160](#) **Comic Books.** Comic books complete in themselves without continuity of title and subject matter are not ‘periodicals’ and sale is taxable. 4/6/50.

[385.0164](#) **Complimentary Copies of Newspapers.** Newspapers which generally are distributed for a charge are given free to full time employees, to sales representatives as samples to solicit sales, and to selected individuals and political organizations. Additionally, some copies are used internally by the publisher.

The distribution of complimentary copies does not result in a tax liability even though copies furnished to the employees may be pursuant to a union contract or the copies are intended for use to solicit sales.

If the copies ‘used internally’ are distributed throughout the department for the benefit of individuals, such copies also do not result in a tax liability. However, if the copies are merely used by the employees in producing the newspaper, the publisher is the consumer of such copies and tax applies to the material cost. For example, the copies used by the ad department as ‘advertising tearsheets’ are subject to tax on material cost. 12/7/93.

[385.0167](#) **Component Part of Periodical.** A market research and consulting firm publishes a newsletter, relating to the computer industry, which qualifies as an exempt periodical under Regulation 1590. A subscription for 12 issues per year sells for \$360. This firm also publishes a publication which lists names, addresses, phone numbers and other identifying information for computer plant site location around the world. This latter publication is not an exempt periodical under Regulation 1590, and a subscription for 4 issues per year sells for \$200. The firm offers its customers a package whereby for \$400, customers would receive a year’s subscription to its newsletter and a single copy of its publication. Since the publication is not an exempt periodical, the issue of whether it can be considered a component part of an exempt periodical when customers subscribe for the newsletter and the publication offered as a package.

The publication is not a component part of the newsletter since it is not attached to or inserted in the newsletter. Also, the first paragraph of subdivision (a)(3) of Regulation 1590, defines ‘component part’ of a periodical to include ‘only those items that become physically incorporated into the publication’

The publication is not physically incorporated into the newsletter and is therefore not a component part of the newsletter. 8/31/94.

[385.0169](#) **Consumer Reports, Travel Letter, and Consumer Reports on Health.** The publisher and its products maintain a federal tax exempt status under section 501(c)(3) of the Internal Revenue Code and do not receive revenue from, or accept, any commercial advertising.

Assuming that each of the publications qualifies as a “periodical” as defined in Regulation 1590, the sale or use of the publication is exempt from the California sales and use tax law. 7/27/92.

[385.0170](#) **Contents of Periodicals.** A floppy disk published weekly, that contains the table of contents of current medical research journals published throughout the world, qualifies as a “periodical.” In order to qualify as a periodical, a publication must contain news or information of general interest to the public or some portion of the public. The requirement is met when the information consists of tables of contents, indices, or other types of tabular data. There is no requirement that the news or information in a “periodical” must be in the form of articles. 12/28/88.

[385.0200](#) **Crossword Puzzle Books.** Crossword puzzle books, if issued at average intervals not exceeding three months, are exempt periodicals. 8/19/63.

[385.0202](#) **Current and Preceding Issues of a Periodical.** A periodical qualifying for exemption is also exempt when the information is placed on CD ROM. The fact that the current issue includes the information from the eleven preceding issues on the CD ROM does not affect the exemption. 3/17/94.

385.0206 **Dating Club Publication.** A taxpayer operates a dating club for which an annual fee is charged. Members receive a publication containing personal advertisements from individuals seeking to meet others. No charge is made to members for the advertisements. The publication also contains articles and other information. The true object of the transaction is regarded as of the publication, not the rendering of a service.

The publication is published at regularly stated intervals of at least four times a year. The personal ads qualify as news and information, not as advertising. These ads are not to further sales of goods or services and are, therefore, not advertising in the sense intended in the regulation. The publication, therefore, qualifies as a periodical. 5/11/94.

[385.0210](#) **Delivery Requirements — Newspaper / Periodicals.** Effective November 1, 1992, section 6362.7(b) provides an exemption for periodicals that are sold by subscription only when the seller of the periodicals delivers them to the subscribers by mail or common carrier. A publisher who makes exempt sales of periodicals by subscription may issue an exemption certificate or a resale certificate, as appropriate, to the printer. 8/11/94.

[385.0215](#) **Distribution of Free Publications.** A taxpayer distributes publications free of charge by placing them in racks inside or outside stores. Some copies are sold by subscription.

If the publication qualifies as a newspaper, tax would not apply either to the charge for printing or to the free distribution of the publication. However, the sales of the publication by the taxpayer would be subject to tax.

If the publication meets the definition of a periodical, the charge by the printer and the free distribution are not taxable. Sales by the taxpayer are subject to tax unless the publication is sold by subscription and delivered by mail or common carrier. In any case, copies which are required to be shipped out of California are not subject to tax. 8/30/94.

[385.0220](#) **Envelopes or Wrapping Paper Used for Mailing Exempt Publications.** Envelopes or wrapping paper in which publications are enclosed are not regarded as ingredient or component parts of the publications.

The sale of envelopes or wrapping paper to a person who gives away a publication is, accordingly, subject to tax. Such purchases are not exempt either as a nonreturnable container, or as an ingredient or component part of a publication. 3/20/53.

385.0238 Experiment Kits Sold as Part of Magazine. A taxpayer publishes a monthly education magazine for students. The magazine has articles on various subjects designed to educate children in problem solving and other academic skills. Each issue includes an experiment to be completed and a kit with the materials necessary to complete the experiment. The experiment kit includes such items as plastic test tubes, racks, tiny aquariums, stands, droppers, etc. The magazine and experiment kit are sent to a subscriber in one package. After completing the experiment, the subscriber completes the experiment report and mails it back to the taxpayer. The taxpayer reviews the experiment reports and sends comments back to the subscribers. The magazine, the experiment kit, and the experiment reports are all included in one subscription price.

The magazine meets the criteria of a ‘periodical’ under the sales and use tax. However, the experiment kit is not exempt as a component part of the periodical. Component parts of periodicals refer to such items as ink, paper, staples, etc., and not to other types of property which may be packaged with and sold together with the periodical itself. Therefore, tax applies to that portion of the taxpayer’s entire charge which is attributable to the value of the experiment kit itself. 6/2/89.

385.0260 Horse Auction Catalogs. A catalog, published monthly and containing a list of horses currently available for sale at auction, is not an exempt periodical under Regulation 1590. 7/14/66.

385.0274 In-Depth Reports. A research facility issues reports to its customers. These reports consist of in-depth analysis of various subjects which had been requested by customers. Although more than four reports were issued in each year, they were not at regular intervals but only as the need required. The report is therefore not an exempt periodical, and sales tax applies. 3/3/80.

(Note: Subsequent statutory changes re periodicals.)

385.0280 Index Volume. If a periodical has issued three volumes during the preceding twelve months in addition to an index volume, this latter volume will be considered the fourth volume of the periodical, satisfying the requirement of having exempt periodicals issued at average intervals not exceeding three months. 8/10/66.

385.0287 Local Printing Plants. An out-of-state newspaper publisher has no retail operations in this state. The publisher develops the content of the newspapers outside California and then electronically transmits it to a publisher who is engaged in business in California. From the in-state publishing plant, a common carrier delivers the newspapers to an unaffiliated California newspaper company. The unaffiliated newspaper company then transports the newspapers to numerous drop-off points. Local carriers then deliver the newspapers from these locations to the California subscribers. Subscriptions to the newspaper are sold through sales offices located out of state. No newspapers are delivered directly to subscribers from the printing plant.

In order for its sales to be subject to sales tax an out-of-state retailer must engage in the kind of activities ‘‘significantly associated with the retailer’s ability to establish and maintain a market in this state for the sales.’’ In the above case, the out-of-state publisher has no places of business of any kind in this state and independent contractors both print and deliver the newspapers. The local individual newspaper carriers are not retailers of the newspapers and, as a result of all these conditions, the sale of the newspapers can only be subject to use tax. Therefore, the out-of-state publisher should obtain a Certificate of Registration—Use Tax and should report the local use tax to the locations of its subscribers using Schedule B of its tax return.

Since the out-of-state publisher has no places of business of its own in California, for purposes of reporting Transactions and Use Tax any nexus for collecting district use tax must come through its agents in state. If the in-state publishers’ facilities are located in a district that imposes such a tax then, under Regulation

1827(c)(2), the out-of-state publisher is engaged in business in that district and must collect the district use tax on sales to subscribers in those districts.

If the unaffiliated newspaper company is located in a district that imposes a district use tax, the out-of-state publisher is not required to collect that tax on sales to subscribers in the district. Regulation 1827(b)(1) provides that a taxpayer engaged in business in a district is not required to collect that district's use tax unless it ships or delivers the property into that district. If the unaffiliated newspaper company is located in such a district, clearly the out-of-state publisher is also engaged in business in that district since it has an agent there. However, since the newspapers are sold at the in-state printing plants (because they are sold pursuant to the subscription as soon as they come into being and are identified to the contract), the redelivery of the newspapers to the unaffiliated newspaper company constitutes an event along the distribution chain that occurs after the sale. (7/15/03). (2004-2).

385.0290 Loose-Leaf Volume and Updates. For a fee, subscribers receive from taxpayer, who publishes and sells, an initial loose-leaf volume containing current material and a two-year subscription for quarterly updates. The charge for the initial loose-leaf volume is subject to tax. Subscriptions to the quarterly updates, if delivered by mail or common carrier, qualify as exempt periodicals under section 6362.7.

The fee received by the taxpayer is for the transfer of two types of tangible personal property for one price. This price should be allocated between the fair retail selling price of each of the types of property. "Fair retail selling price" is defined as an amount sufficient to cover (1) the net labor costs of employees plus allowance for overhead and profit of not less than 100% of such labor cost; and (2) the cost of purchased items incorporated onto the tangible personal property that is sold. Regulation 1540(b)(1). 6/15/93.

385.0298 Magazine Publication. A monthly magazine, published for older readers is sold exclusively on a subscription basis. In addition, copies are distributed free to certain preselected households, senior centers, libraries and other sites.

For the period between July 15, 1991 and November 1, 1992, the retail sales of magazines to a subscriber and shipped to a location in California were subject to sales tax. If, pursuant to a contract, the magazines were mailed to a point outside the state, the sale is exempt from sales tax. Effective October 2, 1991, the distribution of complimentary copies of periodicals are exempt from sales and use tax. Sales tax must be reported and paid by the publisher or distributor based upon the reporting period in which the delivery is made.

A publisher may not issue resale certificates to photographers or freelance graphic artists for work purchased as material for the magazine.

(Note: Statute amended operative November 1, 1992.) 1/9/92.

385.0299 Manual Revisions and Newsletter. A taxpayer publishes a book which sells for \$27.50 and on which he reports sales tax. The taxpayer also provides an optional updating service for purchasers of the book which consists of a quarterly newsletter and annual revisions to the manual. The cost of both of these services is \$20.00 per manual.

The newsletter qualifies as an exempt "periodical" since it is issued quarterly and contains news or information of interest to subscribers. However, the annual revision to the manual cannot be classified as a "periodical" as it is only issued once each year and is substantially different in style and format from the quarterly newsletter.

Since a single charge of \$20.00 per year is made for the newsletter and annual revision, an allocation should be made between the exempt newsletter and manual revision. In this case, the measure of tax may be determined based on an allocation of the cost of the two items. 3/7/73.

(Note: Subsequent statutory changes re taxation of periodicals.)

[385.0300](#) **Mats.** The furnishing of a news service, comics, features and advertisements in mat form to newspaper publishers is the rendition of a service and not the sale of tangible personal property, and hence not subject to tax. 2/10/55.

[385.0320](#) **Mimeographed Papers,** if otherwise meeting standards of exempt newspaper, are exempt even though not printed. 8/14/51.

[385.0325](#) **Monthly Reports of Real Estate Activities.** A taxpayer prepares a report from data obtained from official records from a particular County Recorder's Office. One report contains graphs and charts regarding sales, insured transactions, market shares, resales, refinancing amounts, etc. Another report contains charts of lender activity in a particular county. Subscribers to the report pay a fee of approximately \$400.00 per month.

If the monthly reports bear a relationship to prior and subsequent reports with respect to similarity of subject matter and if they are delivered to subscribers by the U.S. mail or common carrier, they would qualify for the periodical exemption provided under section 6362.7(b) and (c). Thus, subscriptions to such reports are not taxable on or after November 1, 1992. 12/4/92.

[385.0340](#) **Multiple Listing Service.** Publications printed and distributed among a group of real estate firms showing (1) homes listed for sale, (2) corrections and other changes in the listings, (3) list of properties that are sold are not "periodicals." 11/20/57.

385.0341 **Multiple Listing Service.** Property sold data which goes beyond the mere listing of property sold so as to state information such as geographical district, the number of bedrooms, actual sales price, listed price, terms of sale, methods of financing, listing broker, selling broker, sales agent, date of sale, and number of days on the market is "news" for purposes of the "10 percent news test". 12/18/75.

385.0342 **Multiple Listing Service.** The "property sold" data of a multiple listing publication contains information on the house, the sales price, the listing price, method of financing, listing broker, selling broker, sales agent date of sale, and number of days on the market. It is more in the nature of market analysis than advertising or deletion of property for sale and should be considered as "news" for purposes of the "10 percent news test" (Annotation 385.0540.)

On the other hand, a mere list of property sold, the principal purposes of which is the deletion of property sold from the current list of property for sale, is not considered "news" of a "periodical" nature. The sale or purchase of such list remains subject to tax. 12/18/75.

[385.0350](#) **Multiple Listing Service.** Regulation 1590(a)(2), Newspapers and Periodicals, provides that the term "periodicals" does not include publications of which the advertising portion, including product publicity, exceeds 90 percent of the printed area of the entire issue in more than one-half of the issues during any 12-month period. With respect to multiple listing service books, the following classifications apply:

Advertising (to which the 90 percent criterion would apply):

- a. Active listings.
- b. Index of active listings.
- c. Actual display or classified advertising.

News or Information (to which the ten percent criterion would apply):

- a. Off market information—that is information on previously active listings which have been removed from the market because the properties have been sold, the listings have expired or been withdrawn, with

explanatory materials on the reason for the change of status and in varying situations information on the sale price, reason for withdrawal, etc.

b. Index of off market information.

c. Reports of sales activity as a measure of comparing the user-reader experience with that of the general market and a measure of economic activity in general.

d. A summary of new items in this issue of the periodical such as new listings, and off market information in its various categories.

e. Rosters, such as rosters of brokers provided to enable the user-reader to easily contact other brokers in their various cooperative and organizational activities. These rosters will be variously presented often including addresses, branch office information, telephone numbers, names (and conceivably addresses and telephone numbers) of sales persons and other associate licensees.

f. Maps.

g. Public utility information including identification of utilities (including municipal utilities), services provided, places from which information can be obtained on service connections, disconnections, emergency services, rate data, credit data or business information.

h. List of abbreviations used.

i. A list of other Board of Realtors with whom reciprocal relations are maintained by this MLS, conceivably including names, addresses and phone numbers on how those Boards can be contacted.

j. A check list of city or county or other local government unit requirements with respect to zoning, use permits, building permits, certificates of occupancy, and similar municipal type regulation, often with the names, addresses and phone numbers of the various municipalities or other governmental units within the jurisdiction of that Board of Directors from which information can be obtained.

k. Data on ordinances regulating the display of "for sale" signs and other ancillary display materials.

l. Information on schools (public and private) including locations, level of education, and frequency, phone numbers or other identification of officials to whom inquiries may be made.

m. A list of city or other governmental services and persons or departments to be contacted with relationship to them, including such items as refuse disposal, sewer and sanitary, informational services such as those relating to geologic hazard zones, flood zones, etc. etc.

n. Information on real estate lock boxes or key boxes with respect to registration, security or regulation and similar information on availability or utilization of signs.

o. Lists of lawmakers (federal, state and local), government agencies and departments.

p. Publication of the code of ethics or standards of practice to which participating Realtors are expected to adhere for their day to day guidance and reference.

q. Equal Opportunity Codes: for the same purposes.

r. News of Board of Realtors activities, meetings, educational offerings, seminars, promotional and social activities, programs sponsored by the Board of Realtors relating to such items as neighborhood security, support of charitable organizations, and the like.

s. News of community, state and federal matters particularly affecting Realtors including such items as newly enacted laws or regulations, governmental policies on infrastructure, etc.

t. News or information relating to trends in the financing of real estate transactions or of financial institutions and their policies in this subject area. 5/20/85.

[385.0351](#) **Multiple Listing Services—Delivery to Subscribers.** A Multiple Listing Service book (MLS) is sold to members by subscription. The MLS books are delivered to a central location in town by a delivery service where the subscribers pick up the MLS books. There is no delivery to the subscriber in this case because the subscriber picks up the MLS books at the central location. Thus, the sales of the MLS books to the subscribers are subject to tax whether or not they meet the requirements of a periodical. 6/10/96.

[385.0352](#) **Newsletters Distributed to Organization Members.** A nonprofit organization includes in its membership dues a subscription to a periodical as defined in section 6362.7. The periodical is sent by mail. The transfer of the periodical is an exempt sale. 4/14/94.

[385.0355](#) **Newspaper Inserts.** Sales of publications which are inserted into newspapers or periodicals and are distributed as a component part of the newspaper or periodical are not subject to tax notwithstanding that the purchaser of the publication is not the seller of the newspaper or periodical. 7/7/94.

[385.0358](#) **Nonprofit Organization Issuing Periodical.** A foundation, qualifying for tax exempt status under section 501(c)(3) of the Internal Revenue Code, published a quarterly periodical. Cost of the publication is built into the membership dues and represents a small portion of those dues. There is one paid advertiser.

Since the foundation is tax-exempt under IRC section 501(c)(3) and the publication is distributed to the foundation's members as part of the membership fee, sales of the periodical are exempt under section 6362.8(b)(1). However, sales of copies to nonmembers would be taxable if they contain any paid commercial advertising. 1/12/94.

[385.0360](#) **Pattern Books.** Pattern books issued quarterly and semi-annual and annual needlework books do not qualify as exempt periodicals within the meaning of Regulation 1590. 4/9/53.

[385.0380](#) **Pattern Books.** Pattern books sold to the general public, having the general format of a magazine, and issued at periodic intervals not exceeding three months, qualify as an exempt publication. This type is to be distinguished from pattern books used in stores from which customers select patterns and which are not sold or given away to the general public. 9/16/55.

[385.0386](#) **Periodical.** Regulation 1590 contains a two part test for determining whether the content of a publication qualifies it to be a "periodical." The first is whether the publication contains news or information of general interest to the public in the form of articles. Second, if so, does the advertising portion of the publication constitute 90% or less of the printed area in more than half the issues in a 12-month period. This test should not be based on whether the news or articles of general interest represent 10% of the printed area, but on whether the advertising portion represents 90% of the total printed area including pages which are neither advertising nor news, such as full page pictures of scenes from the general area in which the publication is circulated which are unrelated to any articles or advertising. 10/30/84.

[385.0390](#) **Periodical and Legislative Bill Service.** A non profit organization provides its members with a weekly periodical which contains an analysis of legislative bills. Copies of the bills analyzed are also provided. A fee is charged to cover the cost of the bills, postage and materials.

The providing of copies of the bills is a sale of the copies to the subscribers. The furnishing of the analysis is a sale of a periodical. The sale of the bills is a taxable sale. If the furnishing of the periodical is exempt, the fee should be fairly apportioned between the periodical and the copy of the bill. 3/25/92.

385.0395 **Periodicals on Computer Disk.** For purposes of determining whether a publication qualifies as a periodical or newspaper under Regulation 1590, it makes no difference in what form the publication is distributed. Thus, a qualifying newspaper or periodical may be distributed on computer disks as well as on paper. 12/28/88.

385.0396 **Periodicals on Computer Disk Form.** Sales of computer disks may be exempt as sales of periodicals if all of the requirements of the regulation are met. However, if the disks also contain a prewritten computer program, the exemption does not apply. For example, an auto dealer publication that calculates lease payments and residual values for input vehicles. 5/1/86.

(Note: Subsequent statutory changes re periodicals.)

[385.0400](#) **Photographs,** being merely reproduced in exempt periodicals, are not regarded as becoming a component part thereof. 9/6/51.

[385.0440](#) **“Pocketbooks”** are not exempt periodicals. 12/4/50.

[385.0448](#) **Prepaid Subscriptions.** If a subscriber pays for his subscription in installments, the date the first installment is made to the retailer is the date the subscription is entered into. The subscription is prepaid as of that date. Thus, when a partial payment of a subscription fee to a retailer was made prior to July 15, 1991, the subscription is considered to be “paid for prior to July 15, 1991,” within the meaning of that phrase as it is used in section 6362.3. 10/8/91.

385.0460 **Program.** A weekly television log of programs, which also contains news stories and advertising, is an exempt publication. 9/28/54.

385.0480 **Program Booklets.** A publisher prepared program booklets for theater organizations. The booklets consisted of (paid) advertising, information about the featured event, biographies of the performers, information on future performances and general news. The publisher sold advertising space, printed the booklets, and provided them without charge to theaters. Typically, one booklet would be published for all the performances of a given stage production. Generally the theaters put on four or more stage productions a year and prepare a separate booklet for each production. The publisher subcontracted the printing of the booklets and issued a resale or exemption certificate to the printers, in order to acquire the booklets without paying sales tax reimbursement.

The booklets are properly referred to as programs and are specifically excluded from the definition of a periodical by regulation. In addition, they do not appear at stated intervals but are prepared for specific performances. Despite their external similarities, the booklets are not truly part of a series. The publisher is the consumer of the programs and liable for the sales tax which would have been due on the sale of the printing, if the publisher had not issued an exemption certificate. 4/30/91.

[385.0500](#) **Program—Church Bulletins.** The sale of paper to be used for weekly church bulletins containing the order of worship of the day is not exempt from sales tax because the bulletins are mere programs which are not included within the definition of “exempt periodicals.” To be considered periodicals, the publication must contain news or information of general interest and must be issued at stated intervals. 5/4/70.

[385.0520](#) **Program—Religious Missal.** A monthly religious missal is subject to the sales tax as being a program, rather than an exempt periodical, because it contains lists of what is to be said or sung at particular religious services and is intended for use only during these services. 5/9/69.

[385.0523](#) **Publication Issued on Compact Disk.** A publisher sells subscriptions to a periodical which consists of a data base on compact disc. The compact disks are published at stated intervals and regularly issued at average intervals not exceeding three months. The information embodied on the media consist of public records information from county assessor and other agencies enhanced with “characteristics, current

sales, sales history, telephone number, parcel maps, geo-coded data, USPS standards, census tract data, and other significant information.” The compact disk issued to a subscriber contains data which is on the previous issued disk. It also contains new data which have accumulated over the intervening two months.

The law does permit a computer readable medium such as a floppy disk or compact disk to qualify as a periodical if it meets all the other requirements. This described publication is akin to multiple listing service publications which the Board has previously considered to qualify as periodicals. Therefore, the sales of these periodicals are exempt from tax even though they contain data which are on the previously issued disk. 3/8/94.

385.0525 Publications on Compact Disks. A publication contains information which is placed on a compact disk. Initially a compact disk, a software program and a reference manual are sold. New compact disks, upgraded software and a new manual may be issued monthly or infrequently as once a year. Tax applies to the initial set of compact disks software and binder or reference material. Tax also applies to the annual sale of the new compact disks, upgraded software and reference manual. Sale of the compact disk updates or reference manual updates qualify for exemption only when issued at least four times a year and not more than sixty times a year when sold by a subscription and delivered by mail or common carrier. 1/28/93.

385.0533 Publications Used with Classroom Instructional Program. Certain religious publications that have continuity of literary character would qualify as exempt periodicals although these publications are also supplemental to classroom material and instruction. The currency of their content suggests that each quarterly issue is one of an indefinite series of publications and that each is not basically a reissue or update of a previously issued item. 9/28/72; 5/28/76.

(Note: Subsequent statutory changes re periodicals.)

385.0536 Receipt of Publication Based on Group Membership. An organization offers memberships to construction contractors. Members receive a subscription to a weekly publication that contains a list of construction projects in the area which are currently accepting construction bids and lists of bids made, successful bids, the names of the successful bidders, and the amounts of the successful bids. Members also receive access to a “bidding room” which is a repository of plans for various construction projects on which organization members may wish to bid.

The primary benefit of membership is regarded to be the subscription to the weekly publication. The transaction is regarded as a sale of tangible personal property. If the publication qualifies for exemption, the fee is not taxable. If the publication does not qualify for exemption, the entire fee is taxable. 4/24/95.

385.0538 Republication of Newspapers. The republication of newspapers such as USA Today, Los Angeles Times, and Wall Street Journal in CD-ROM format are exempt from sales or use tax if (1) the republications of these newspapers are issued at least four times but not more than sixty times each year, (2) they are sold by subscription, and (3) they are delivered by mail or common carrier.

The fact that the original publications of these newspapers did not satisfy the frequency requirements for the exemption (more than 60 times per year) does not affect the frequency requirements for the republication of these newspapers. Accordingly, if the republisher supplies these newspapers by subscription, on a weekly or monthly basis, under the conditions described above, the sale or use of the publication is not subject to the sales or use tax. A periodical need not be printed on paper to qualify for the exemption. It may be published on CD-ROM or cassettes. 2/2/96.

385.0540 Resale Certificates. Where a printer takes a resale certificate in good faith from a publisher and does not collect the sales tax, the printer would not be liable for the tax if the periodical subsequently fails to qualify as an exempt periodical under the “10 percent news test.” In such a case, the publisher would be liable for such tax. However, the printer would be liable for the tax if no resale certificate was obtained. 5/4/70.

[385.0543](#) **Research Reports.** The exemption for periodicals applies only to those sold by subscription which are “. . . regularly issued at average intervals not exceeding three months . . .” Periodicals issued on an “as needed” basis or only when a certain amount of information has been accumulated are not issued “regularly.” Published materials which are not issued at stated intervals are not periodicals. The requirement is met if the subscriber is informed of the specific schedule or specific time intervals regarding stated interval publication. 3/31/93.

385.0555 **Sales of Newspapers on Reservation.** Sales of newspapers on a reservation are exempt from sales tax when delivery is to an Indian. Sales on a reservation to a non-Indian are subject to sales tax. 12/20/91.

[385.0558](#) **School Catalogs Sold by Auxiliary Organization.** Sales of school catalogs by a school auxiliary organization which is organized and operated under the Education Code and applicable regulations is considered to be sold by the school, and are subject to the tax treatment specified in section 6361.5, i.e., the school is the consumer of the catalogs, and sales to it are subject to tax. 10/17/88.

385.0570 **Seasonal Periodicals.** Publications which are regularly published four times or more within a 12-month period qualify as periodicals regularly issued at average intervals not exceeding three months as required in Regulation 1590. Accordingly, *Touchdown Illustrated*, which is published six times during each Pacific 10 football season qualifies as an exempt periodical because the publication is issued regularly (every other week for 12 weeks) and the average interval between publication dates does not exceed three months (although the interval between the last issue in one season and the first issue in the subsequent season may be 42 weeks). 5/7/80.

[385.0574](#) **Stated Intervals.** A publisher does not specify in the subscription agreement the number of issues of periodical “A” which the publisher will distribute during this subscription. However, the publisher establishes a rigid production schedule with strict editorial due dates. The publisher establishes the schedule two times each year for the publication to be published in the next six months. The exact number of issues may vary, typically by one issue per year because of scheduling problems and calendar limitations such as holidays and weekends. For example, while periodical “A” is issued approximately every two weeks, a subscriber might receive 23, 24, or 25 issues during a year. Nevertheless, the publisher publishes periodical “A” pursuant to a specific schedule established in advance for the upcoming six months. The periodical is not issued on an as needed basis nor only when a certain amount of information has been accumulated. Periodical “A” had issues between August 23, 1993 and November 29, 1993, at intervals between 13 to 25 days. However, for purposes of section 6362.7, where the publisher has a rigid publication schedule whereby it establishes the periodical “A” publication interval six months in advance, then the periodical appears at stated intervals. 3/17/94.

[385.0574.100](#) **Stated Intervals Containing News or Information of General Interest.** Two requirements of a periodical as defined under Regulation 1590(a)(2) are that the publication appear at stated intervals and contain news and information of general interest. In order for a publication to qualify as one issued at average intervals not exceeding three months, the publication must state in some prominent manner just what issue, within a series of issues, the reader is purchasing (i.e., when a person reads a particular issue of a publication, the reader must be able to determine from that issue that it is one of a series of different issues, of the same publication, and what particular issue it is). The second requirement that each issue must contain news or information of general interest, in the nature of articles appearing in the different issues of the series, means that each issue must contain a significant amount of space devoted to new articles which have not appeared in previous editions of the publication. A significant amount of space is comprised of at least 10% of the space in an average issue.

A magazine issued by a professional sports organization with rosters, player biographies, and selected articles which has the cover changed five times a year, 24 pages of the 132 pages are changed nine times a year, and the center spread is changed twenty six times a year does not qualify as a periodical. It is not issued at stated intervals and it does not have a significant amount of space devoted to new articles (10% of the space) which have not appeared in previous editions. 11/24/84.

385.0575 Subscription Periodicals. A magazine is published at regular intervals, 12 times a year by a for-profit organization. The magazine is provided to members of a nonprofit organization as a part of the annual membership dues. A portion of the membership dues is separately stated on each member's dues statement and allocated to the magazine. The magazine is not sold separately to members or non members. The magazine is produced and distributed by the California for-profit corporation, wholly owned by a California Nonprofit Mutual Benefit Corporation, and is provided to the members of the nonprofit mutual benefit corporation. The magazine is sent and delivered by regular U.S. mail.

The publication qualifies as a "periodical". The subsidiary purchases the materials, produces the periodical and sells it to the parent who, in turn, sells it to its members. The sale of the ingredients or component parts of the periodical to the subsidiary is a sale for resale. The sale of the periodical from the subsidiary to the parent is also a sale for resale. The sale of the magazine by the parent to its members is a retail sale.

Since both the publisher's statement in the magazine and the member's statement of dues clearly state that the members pay for an annual subscription to the magazine, the sale of the magazine is by subscription. Since the magazine is delivered by mail to the members, the sale of the magazine qualifies for exemption effective November 1, 1992. 1/7/93.

385.0577 Subscription to Periodical with CD ROM Disk Containing Games, etc. A magazine qualifying as a periodical pursuant to Regulation 1590(a)(2) can be subscribed in one of two ways:

- (1) Magazine Membership—one year, 4 issues \$10.
- (2) Multimedia Membership—one year 4 issues and 4 CD ROM disks for \$30.

The CD-ROM disk that a multimedia member receives contains games, demos, and encrypted software. The CD ROM disk enables a member to demo a particular program that is sold by the publisher. After completion of the demo, a member may purchase such program by calling the publisher's 800 number and obtaining an unlock code which enables the program to be unscrambled then downloaded from the CD ROM disk to the member's computer. The multimedia member's credit card is billed for the price of the program before the unlock code is given to enable the download. The program prices can range from \$15 to \$50. ACD ROM disk has the capacity to contain more than 30 programs which all can be downloaded, including program documentation.

If a person who purchases the multimedia membership does not pay to unlock any further programs from the CD ROM disk, the taxable gross receipts from the sale of a multimedia membership is \$20, that is, the \$30 charged less the \$10 charged for 4 issues of the periodical.

Tax applies to the publisher's charge to unlock the programs on the disk. When a purchaser pays an additional price to obtain further access to tangible personal property, that amount is includable in the retailer's gross receipts. 12/27/94.

385.0578 Subscription Sales Delivered in Part by Mail. Approximately eighty percent of a publication subscription's sales is delivered by mail. The remaining percentage is delivered by employees of a wholly owned subsidiary.

Assuming the publication qualifies as a periodical, the exemption applies to the percentage of subscription sales delivered by mail. However, the sales of the remaining percentage that is not delivered by mail or common carrier would not qualify for the exemption. (Section 6362.7(b).) 3/25/93.

385.0580 Travel Brochures. An oil company issued a weekly series of travel brochures to its customers. Each issue covered a different suggested "week-end drive." Although not dated or numbered, each contained a notice that the next week a different specific subject would be covered. Inasmuch as these publications were issued in a series regularly each week, they qualified as periodicals under section 6362. 10/29/64.

385.0590 **Tapes and Cassettes.** Tapes and cassette recordings of musical selections which are complete in themselves are not exempt as periodicals even though sold on a subscription basis and distributed with a periodical issued at regular intervals. 7/22/76.

385.0600 **Tape Recordings.** Tape recordings of material digested and extracted from medical journals and distributed twice each month to subscribers are exempt under Regulation 1590 as periodicals. 6/5/58.

[385.0620](#) **Tariff Publications.** A shipping conference which distributed tariff publications to members of the general public on subscription, and to regular and associate members of the conference at a designated amount per copy, is making sales of tangible personal property rather than rendering a nontaxable service. Correction pages, however, are exempt periodicals under section 6362 if published with the required frequency. 8/21/64.

[385.0640](#) **Tariff Publications.** Tariffs and tariff supplements published at irregular intervals are not “Newspapers or Periodicals” the sale of which is exempt from the tax. 5/18/50.

[385.0660](#) **Tariff Publications.** Tariff supplements issued by the Pacific Southcoast Freight Bureau, which are published out-of-state and distributed every three months to member railroads as correction pages are exempt periodicals. 11/1/65.

[385.0666](#) **Telephone Inquiry and Telecommunications Services.** As part of a taxpayer’s subscription price for a taxable publication, a subscriber is provided with a toll-free telephone number with which the customer can obtain more specific information about carrier services covered in the publication. This toll-free number is operated by a third party. In addition, the taxpayer and the third party provide a different telecommunication service which is sold independent of subscription to the publication. A subscriber to the service could, by telephone, acquire access information regarding U.S. postal rates as well as overnight courier services, rates, etc.

Since the telephone service is provided as a part of the taxable sales of the publication and the subscriber does not have the option to acquire the publication without the telephone service, tax applies to charges allocable to the telephone service included in the subscription price. However, since the telecommunications service may be purchased without subscribing to the publication, sales of the service are not subject to tax. 9/14/87.

[385.0670](#) **Television Survey Reports.** In general, there is no exemption from tax for the sale of information when it is delivered in tangible form. The only issue to consider is whether the customer has contracted for the information itself or for the service of compiling the information. Sales of specialty type products such as DMA maps, DMA’s by territories, working studies and annual reports are taxable when delivered on tangible media in California. In addition industry wide market data, including general reports on various industry segments and standard micro-computer programs, are not for compiling services and are also taxable when delivered on tangible media.

Sales of “local market surveys” are also sales of tangible personal property. These “surveys” previously qualified for exemption as periodicals. However, since the exemption for periodicals was repealed effective July 15, 1991, all printed “local market surveys” sold at retail in California or purchased for use in California are subject to tax.

(Note: Operative November 1, 1992, subscription sales of periodicals delivered by mail or common carrier are not subject to tax.) 4/17/92.

[385.0680](#) **“Tip Sheets.”** “Tip sheets” are regarded as consumed by the tipster in performing a service, and the last taxable event occurs when the printer prints the card for the “tipster.” Therefore, they are not exempt periodicals.

(Note: This refers only to “tip sheets” and not to established newspapers such as the Racing Form.) 9/30/52.

[385.0700](#) **Ticker Tape.** Ticker tape sold to newspapers for use in operating automatic typesetting machines is considered a manufacturing aid. As it does not become a component of the newspaper and thus is not a part of the final product, the tape is subject to tax. 7/8/64.

385.0720 **Ticker Tape.** Ticker tape used in the furnishing of a news service is exempt from the use tax if not as a newspaper, then as a periodical or as material becoming a component part of periodical. 8/8/56.

385.0728 **Yearbooks and Catalogs—Colleges and Universities.** For purposes of section 6361.5, the term “schools” includes colleges and universities. Thus, a state college is the consumer of catalogs which it sells at its bookstore. However, if the bookstore is operated by a concessionaire, the sales are retail sales subject to sales tax. 4/17/86.

(b) ADVERTISING MEDIA

385.0730 **Advertising Inserts.** A firm contracts with a client to print weekly advertisements. The bulk of these advertisements will be inserted in daily newspapers for general circulation. Most of the newspapers will be sold by newspaper companies, however, some newspapers may be of the kind distributed without charge. A small number of the advertisements will be delivered to the client’s location for direct customer use.

The firm’s receipts from the client are nontaxable if the client purchases the inserts to incorporate as a component part of a newspaper which will be sold notwithstanding that the client is not the seller of the newspaper. The firm’s receipts also are exempt when the firm sells the inserts to the client to be incorporated as a component of a copy of a newspaper regularly issued at average intervals not exceeding three months when the copy of the newspaper is distributed without charge. Tax applies to the receipts for the advertising inserts delivered to the client’s locations in this state for direct customer use. 2/8/93.

[385.0739](#) **Advertising Inserts.** A firm is a publisher of the following advertising inserts which it prints and delivers:

Mail Marketplace I. Mail Marketplace I is delivered by direct mail through the post office each Wednesday to thousands of households, together with advertising inserts, for free. Even without counting the advertising inserts, the advertising portion exceeds 90% of the printed area of the entire issue. This publication does not qualify as a “newspaper” nor a “periodical.” The publisher is the consumer of, and the tax applies to the sale to the publisher of, tangible personal property used in producing this publication.

The sale of the inserts by the printer to an advertiser qualifies for the exemption for printed sales messages, section 6379.5, when it places the inserts in Mail Marketplace I and mails the entire package to the household.

Mail Marketplace II. Mail Marketplace II is delivered by direct mail through the post office each Wednesday to house holds for free. As the advertising portion exceeds 90% of the printed area, this publication does not qualify as a “newspaper” nor a “periodical.” The printer is the consumer of tangible personal property used in producing this publication.

Discover the Delta. Discover the Delta is printed monthly and inserted in paid subscription newspapers and also periodicals distributed free of charge. The editorial portion exceeds 10% of the printed area. This publication qualifies as a periodical, section 6362.7. Any tangible personal property that becomes an ingredient or component part of this publication is exempt from tax whether it is distributed alone without charge or with copies of Mail Marketplace I. 7/7/93.

[385.0740](#) **Advertising Inserts in Taxable Shopper and Exempt Newspaper.** A newspaper publisher prints both a tax-exempt daily newspaper sold to subscribers, and a taxable weekly shopper distributed free only to nonsubscribers. Where another printer prints advertising inserts for an advertiser and, at the direction of the advertiser, transfers the inserts to the newspaper publisher to be included in the weekly

shopper, tax applies to that printer's charges to the advertiser. Likewise, the newspaper publisher is liable for tax on its printing charges if the publisher transfers advertising inserts to a second publisher to be included in the second publisher's taxable weekly shopper. Where copies of the same advertising inserts become component parts of the daily newspaper, the printer may regard those copies as exempt if it obtains documentation regarding the proportion of copies included in the exempt newspaper to the copies included in the taxable weekly shopper. 5/11/88.

[385.0742](#) **Advertising Portion.** The advertising portion of a shopping guide or other publication includes all forms of advertisements. This part of such publications is not limited or restricted to the type of advertisements which have as their purpose the sale of a product or service, but includes all forms of public announcements and notices as well as product publicity. Therefore, a shopping guide or other publication's advertising portion would include legal notices when the exclusionary test under Regulation 1590 is applied. 2/3/84.

385.0743 **Advertising Portion of a Periodical.** In determining whether the advertising portion of a newspaper or periodical exceeds 90 percent of the printed area of a periodical, only the paid advertisements, notices, and announcements should be counted as "advertising." Free advertisements, notices and announcements are counted as part of the total printed area. 4/28/88; 5/29/96.

[385.0745](#) **Advertising Publications Distributed in Combination with Exempt Periodicals.** A person is engaged by the publisher of an exempt periodical to distribute the periodical by means of placing it in a plastic bag that is delivered to local residences. The publisher of a nonexempt advertising publication contracts with the same person to distribute the advertising publication. The exempt periodical and the nonexempt publication are placed in the same plastic bag and the two are hand delivered together to residences. In as much as the publisher of the exempt periodical had nothing to do with the attachment and distribution of the nonexempt publication, the nonexempt publication is not regarded to be a component of the exempt periodical merely because an independent third part combines the two. Tax applies to the advertising publication. 6/16/76.

(Note: Subsequent statutory change re periodicals and printed sale messages.)

[385.0750](#) **Advertising Tabloids.** A newspaper style advertising tabloid printed for a multi-state chain of discount stores by an out-of-state printer and distributed in a transparent plastic bag to potential customers, on a house-to-house basis, along with other advertisements and publications in the same container is not an exempt periodical under section 6362 of the Sales and Use Tax Law. Although the advertising tabloid is distributed in the same plastic bag with a tax-exempt publication of another publisher, it is not considered a component part of the exempt publication within the meaning of section 6362. 6/24/76.

[385.0760](#) **Circulars Distributed with Newspapers.** A newspaper publishes throw-away-type advertising circulars. It inserts some of the circulars in newspapers and distributes such circulars with the newspaper. It delivers the remaining circulars to an advertising firm for distribution by hand and by mail. The advertising circulars which are inserted in the newspapers constitute component parts of exempt periodicals. Accordingly, the charges for printing such circulars are exempt from sales tax under section 6362. Since the remaining circulars are not distributed as components of newspapers, the sale of such circulars does not qualify for the newspaper exemption. 9/22/65.

385.0765 **Commercial Advertising in Publications.** An organization, publishing a dated quarterly publication, accepts commercial advertising for purposes of offsetting expenses in connection with production of the publication.

The acceptance of revenue from commercial advertising placed in one publication does not prevent the exemption under section 6362.8 from applying to the sale and use of other publications sold by that organization. 1/8/93.

[385.0769](#) **Component Part.** Vinyl bags and records distributed with periodicals are not component parts of the periodical since they are not printed matter on paper products. These items are premiums and the application of tax is governed by Regulation 1670. 11/21/85.

[385.0771](#) **Coupon Insert.** A taxpayer had a commercial printer print coupons which advertised the taxpayer's carpet and upholstery cleaning services. Once printed, the printer delivered the coupons to a binding company for attachment to the publication "TV Week." Once bound, the publication was sent to the newspaper company for delivery to the end recipient. At no point was any of the printed material sent to the taxpayer.

Since "TV Week" is part of the newspaper, the coupon becomes a component part of a newspaper. Thus, the sale of this coupon is not subject to sales tax. (Regulation 1590(a)(3).) The taxpayer should provide a timely certificate in writing to the seller (printer) that the property will be used in a manner or for a purpose entitling the seller to regard gross receipts from the sale to be nontaxable. (Regulation 1590(c).) 1/9/96.

[385.0775](#) **Free Exchange of Advertising.** A publisher, noting that the new legislation now exempts certain journals which carry no commercial advertising or which are distributed in consideration of membership fees, asks whether a "free exchange of advertising" is commercial advertising.

The specific exemption referred to applies only to distributions by organizations which qualify for tax exempt status under section 501(c)(3) of the Internal Revenue Code. It was assumed that by "free exchange of advertising", the reference was to two or more organizations publishing journals and placing advertisements in each others journals. The consideration paid by each would be the placing in its journal an advertisement for the other organizations advertisement. In the context of section 6362.8, the term commercial advertising means paid for by an advertiser. The described advertising arrangement would be commercial advertising. On the other hand, the publisher's notices in a journal concerning its own product would not be commercial advertising. 1/27/92.

[385.0780](#) **General.** A publication is not exempt if it consists mostly of advertising layouts and a few articles with some element of human interest but with a theme centered around the advertising of a product. 12/31/58.

[385.0785](#) **Informational Flyer.** A nonprofit membership organization prints an informational flyer about its activities every three months. The organization pays a newspaper a fee to insert a copy of the flyer into each copy of an issue of the newspaper which are delivered by newspaper carriers to its paid subscribers and to news racks and newsstands for sale to the public. Copies of the flyer are also distributed without charge at the organization's office.

The organization distributes the flyers without charge within the means of section 6362.7(a) regardless that the organization has the flyers distributed as part of a newspaper for which a third party makes a charge. Under the facts provided, the sale of the flyer to the organization is exempt from sales tax. 1/8/93.

[385.0790](#) **Newspaper Publisher's Weekly Shopper Delivered to Non-Subscribers.** A newspaper publisher publishes a daily newspaper which qualifies as a tax-exempt newspaper under Revenue and Taxation Code section 6362. In addition, the same publisher also publishes a weekly shopper which consists primarily of advertising matter. In addition to the advertising printed in the weekly shopper, advertising inserts which are either printed by the publisher or received by the publisher from other printers or advertisers are included as a part of the weekly shopper. The publisher distributes the weekly shopper free of charge only to persons who do not subscribe to the publisher's daily newspaper. The majority of advertising matter and the majority of news and information included in the weekly shopper are also included as a component part of that day's edition of the publisher's daily newspaper.

For purposes of determining whether or not the weekly shopper is an exempt newspaper, the shopper must independently qualify as exempt under the tests set out in Regulation 1590, including the requirement that the advertising portion cannot exceed 90% of the printed area in more than half of the issues of the weekly shopper during any 12-month period. The weekly shopper is not a component part of the newspaper

publisher's daily newspaper, even though essentially the same advertising matter and news and information is also included in the daily newspaper.

If the weekly shopper does not independently qualify as an exempt newspaper under Regulation 1590, the newspaper publisher is the consumer of paper, ink, and other tangible personal property which becomes a component part of its taxable weekly shopper. If the publisher has issued resale certificates for the purchase of these items, it must report and pay use tax to the Board when it consumes these items in the printing of the weekly shopper. The publisher is not liable for tax on its sales of advertising space to advertisers in the weekly shopper, since this is a service transaction only. 5/11/88.

385.0795 Printing Newspaper Inserts. A printer has a contract for the production and printing of newspaper inserts with a retail business. The printer's contract is not with the newspaper itself. The newspaper contracts with the business person for inserting and distributing the inserts.

When a newspaper insert is sold to a customer for insertion in a newspaper that will be sold at a news rack or by subscription, the sale is a sale for resale and the printer may accept a resale certificate from the customer. If the newspaper insert is inserted into a free newspaper, the sale of the insert also is exempt from tax. (Sales and Use Tax section 6362.7, effective October 2, 1991.) 10/23/91.

385.0800 "Red Books," private classified directories, are taxable as exclusive advertising media, there being no news column or other column of interest to the public or group or industry. Presence of nutrition tables, postal zone maps and street guides does not make it exempt. 1/25/52.

385.0812 Schedule of Events. A publication contains a schedule of various performances and events. Two versions are published, one is for paid subscribers and the other is given away free at music stores. The purchaser was a ticket brokerage firm. The publication also includes advertisements. At issue here is whether or not the schedule of events in the publication constitutes advertising which will result in the advertising portion of the publication to exceed 90 percent of the total printed area.

In this case, the schedules are intended to induce recipients of the publication to purchase tickets from the ticket brokers. Accordingly, the scheduled information is regarded as advertising. The publication, therefore, does not qualify as an exempt periodical.

However, the printed matter in the publication is the type of printed sales messages specified in the statute, section 6379.5. Accordingly, those publications delivered to persons other than the buyer and at no cost to the recipients would qualify for the exemption provided for printed sales messages. 12/23/93.

385.0820 Theater Advertisements. A publication devoted exclusively to advertising and promotion of two theaters does not qualify as an exempt periodical. 12/29/64.

(c) GUIDES AND DIRECTORIES

385.0830 Activity Guide. The "City of King Activity Guide" is not a newspaper because, being issued twice a year, it does not meet the requirement that it be issued at regular intervals not exceeding three months. In addition, more than 90% of the printed area consists of advertising. Nevertheless, if the guide was sold for insertion into a newspaper, it would become part of the newspaper. If the newspaper was an exempt periodical, the guide would also be exempt. The guide also does not qualify for exemption as a printed sales message, because it is delivered directly to the purchaser, an action which does not meet the specific delivery conditions of Regulation 1541.5. 11/28/90.

385.0833 Association Directories. A taxpayer prints a bi-monthly magazine for an industry association. It also prints a directory once a year. The directory is different in format, size and name from the bi-monthly magazine. Therefore, it does not qualify as an exempt periodical, even though the magazine does. However, the directory, which has over 50 percent advertising, may qualify for exemption as a printed sales message if all of the requirements for that exemption are met. 2/3/95.

[385.0840](#) **City Directories.** City directories do not qualify as exempt periodicals. Their sale is subject to sales tax and, where given away free or as a premium for advertising, the donor is subject to use tax thereon. 4/23/57.

385.0860 **“Community Advertisers” and Shopper’s Guide,** containing advertising exclusively, except for radio log and food recipes, held not an exempt newspaper or periodical. 3/31/50.

[385.0880](#) **Directories.** Directories issued as 13th edition of exempt periodical which is distributed to subscribers of periodical at no extra cost is considered to be an exempt periodical. 5/26/65.

[385.0900](#) **“Directory Issue”** not considered as 13th issue of monthly magazine where the format size, and name is different from the monthly magazine. 6/26/52.

385.0920 **Freight Guide Book.** “Guide books” which are issued annually, and the supplement to “Albrecht’s Metropolitan Zone Guides,” issued biannually, which set forth information concerning the freight rates and routings of the various motor freight transporters serving areas both in and outside California, are not published with the required frequency to be regarded as periodicals under Regulation 1590. However, monthly supplements to the basic guide books are periodicals, providing they meet the advertising restriction under Regulation 1590. 3/2/67. (Am. 2003–2).

[385.0925](#) **Official Airline Guide.** The Official Airline Guide is issued four times monthly. It contains information on airline flights, such as times of departure and arrival, cities of departure and arrival, identity of the air carriers providing the flights, frequency of flights and references to connecting flights. The Official Airline Guide is a periodical, the sales and use of which is exempt from tax. 1/16/86.

[385.0930](#) **Rental Properties Lists.** Sales tax applies to charges made for lists of available rental properties distributed by an agent to his clients, unless the person is acting as an “advance fee rental agent.” 2/18/77.

[385.0940](#) **Shopping Guide.** The Central Valley Shopping Guide does not qualify as an exempt periodical even though it is published in the required regular intervals because the advertising portion exceeds 90 percent of the printed area of the entire issue. 7/3/68.

[385.0960](#) **Shopping Guide.** When more than 90 percent of the printed area of a shopping guide constitutes advertising or products publicity, it does not qualify as an exempt periodical. 2/14/66.

385.0970 **Tourist Guide.** A souvenir map and guide consisting of a map with numbers which correspond to names of celebrities and their street addresses, as well as news of interest concerning movie and television celebrities, issued every 90 days, qualifies as an exempt “periodical.” 10/24/78.

385.0973 **Yellow Pages Business Directory.** A company contracts with its customer to provide them with an advertisement in a yellow pages business directory. The company sends the customer only one directory, free of charge, confirming the advertising placement. The company does not sell the directories but will send free copies to other companies, governmental agencies and non-profit organizations. Any requests for volume orders are referred to an unrelated company which makes volume sales of the directory.

Under the facts, the company is not selling directories to persons who purchase advertising space in the directory and is not required to file any California Sales or Use Tax Returns. 9/21/92.

(d) BUSINESS REPORTS, HOUSE ORGANS, NEWSLETTERS

[385.0975](#) **Annual Reports and Newsletters as Printed Sales Message.** An organization publishes an annual report once a year and a newsletter twice a year. The publications serve both as a public record of the work of the organization and also as “sales” pieces to encourage prospective donors and grantees to take advantage of the services provided by the organization. The mailing lists for the publications consist of

(1) current donors, (2) donor prospects, (3) foundation friends, e.g. past trustees and staff, (4) professional advisors, such as attorneys, etc., (5) current and prospective grantees, and (6) the general public.

The term “printed sales messages” does not include fund-raising materials; therefor, these publications do not qualify for the exemption. Since the annual report and the newsletters are not “regularly issued at regular intervals not exceeding three months”, the sale to the organization of the annual report and the newsletters do not qualify for the exemptions for sales of newspapers or periodicals. 1/7/93.

[385.0980](#) **Consumer or Retailer—Organization Furnishing as.** When a publication furnished by an organization to members incidental to and as one of the privileges of membership for which a lump-sum payment is made, the publication is normally regarded as consumed by the organization rather than resold. In such case, the sale of containers to the organization in which the organization distributes the publication are taxable retail sales. When a subscriber to a publication receives membership in an organization incidental to the purchase of the publication, the organization is the retailer of the publication and the containers (if nonreturnable) could properly be purchased ex-tax. 4/7/67.

385.1000 Corporate Reports Issued Quarterly. A particular corporate stockholder report issued quarterly by a corporation to its stockholders was held to constitute an exempt periodical. 5/15/53.

[385.1040](#) **Dun & Bradstreet “Reference Books.”** Reference books, leased to customers by Dun & Bradstreet, a company engaged in the business of compiling and evaluating credit data on businesses, which are revised and published six times a year, contain information which is of interest to a particular group, and each issue bears a relationship to prior and subsequent issues in similarity of subject matter, are exempt periodicals under Regulation 1590. 3/7/67.

[385.1060](#) **Financial Statements and Reports.** Three quarterly financial statements, published regularly at the end of each of three quarters for a bank, and a year-end report issued as a capsule preview of the annual report, are, because of their regularity of publication and similarity of content and format, all exempt periodicals. However, the bank’s annual report, which is not of similar format or one of a series of publications, does not qualify as an exempt periodical. 9/27/66.

(Note: Section 6362.7, operative November 1, 1992, which requires that to qualify for the periodical exemption, the publication must be distributed free of charge or sold by subscription.) (Am. 2003).

385.1065 Free Employee Newsletter. An out-of-state firm contracts with a California customer to produce a quarterly employee newsletter which is distributed free of charge to the customer’s employees. These newsletters are published and distributed at least quarterly and contain no advertising nor product publicity. The firm contracts with various vendors including writers, photographers, graphic designers, typesetters and printers to produce the newsletter. The firm does not take delivery of, nor does the printer transfer title to, any negative, flat, or any other materials consumed in the process. The newsletters are purchased from the California printer solely for sale to the California customer. The firm may issue a resale certificate to the printer to purchase the newsletter ex-tax. 8/23/93.

[385.1080](#) **“House Organ”** issued regularly, consecutively for stated periods of three months or less is tax exempt. 5/16/50.

[385.1100](#) **Loose-Leaf Services.** Loose-leaf services or reports concerning taxes, business, and other subjects are issued to a subscriber initially in the form of a complete volume or volumes. Supplements containing current information on the subject are then regularly issued to the subscriber at average intervals of less than three months. Replacement volumes containing updated material are sometimes issued annually with the renewal of a subscription. The subscriber pays a lump-sum price for both the volume and the supplements.

On these facts, the supplements are exempt periodicals but the initial volumes and the replacement volumes are not. An allocation of the lump-sum price between the volumes and the supplements may properly be based upon the amount which the publisher charges to replace a lost or destroyed volume. 8/15/68.

[385.1116](#) **Newsletter of Information About a Company.** A newsletter containing information about a company, its product and services which is distributed to clients and prospective clients, is not an exempt periodical within the meaning of Regulation 1590(a)(2). The publication constitutes advertising in the form of publicity for the company. The newsletter is not an employee newsletter distributed only to employees. These newsletters may qualify as a nontaxable printed sales message under Regulation 1541.5 if requirements of the regulation are met. 8/8/89.

[385.1120](#) **Newsletters Issued Monthly.** Newsletters issued monthly to members by San Francisco sections of the American Institute of Mining, Metallurgical and Petroleum Engineers, and American Association of Cost Engineers, qualify as periodicals. 11/17/66.

385.1140 **Newsletters Issued Monthly.** A newsletter printed each month, containing news regarding members of an accounting association, meetings and activities, is an exempt periodical under section 6362. 8/27/65.

[385.1145](#) **Nonprofit Organization Issuing Annual Reports.** A nonprofit foundation, qualifying for tax exempt status under section 501(c)(3) of the Internal Revenue Code, publishes annual reports. The publication is distributed periodically at regular intervals by the Foundation at no charge. The report contains articles describing the Foundation's accomplishments during the year and the Foundation's financial statements. The publication contains no commercial advertising.

Under these facts, the sale of the annual report to the nonprofit organization for distribution qualifies for the exemption from tax provided in section 6362.8, which was operative from November 1, 1991 through October 31, 1992.

(Note: Statute amended operative November 1, 1992, to require issuance every three months to qualify for exemption.) 6/25/92.

[385.1151](#) **Quarterly and Annual Reports.** A corporation publishes three quarterly reports, each of whose format is one page folded in thirds, and one annual report whose format is a 24-page bound booklet.

The reports do not qualify for the periodical exemption because the quarterly reports are substantially different in format from the annual report. The quarterly reports are similar to each other but are not published with the required frequency (at least four times a year) to qualify for the exemption. 6/11/91.

(Note: Section 6362.7, operative November 1, 1992, which requires that to qualify for the periodical exemption, publication must be distributed free of charge or sold by subscription.) (Am. 2003).

[385.1160](#) **Weekly Newsletter** published by a corporation organized for the purpose of advocating various pension plans, held exempt. 8/21/50.

(e) REPRINTS—MICROFILMED COPIES

385.1180 **Microfilm Copies of Back Editions of Newspapers,** sales of, are exempt, if issued with required frequency, and if original newspaper edition would be exempt if published today. Fact that newspaper bears date earlier than effective date of exemption is immaterial. 6/5/51.

[385.1241](#) **Reprints.** Sales of reprints by the original publisher of periodicals, where the original sale was exempt from tax, are also exempt from tax. However, the sale of a reprint of an advertisement by the publisher to the advertiser does not qualify. The reprint of the advertisement does not meet the requirement of a periodical. Also, the sale of reprints of articles does not meet the requirements of a periodical unless the reprints were issued as part of a series at stated intervals not exceeding three months. 7/25/88. (Am. 2003-3).

(Note: Subsequent statutory change to section 6362.7, operative November 11, 1992, regarding the exemption for sales of periodicals.)

[385.1250](#) **Secondhand Comic Books.** The sale of secondhand comic books qualifies for exemption as a sale of a periodical if the books qualified for the exemption when originally sold. The exemption is not applicable if the property is sold at retail for use as scrap. 3/9/77.

385.1258 **A New Beginning.** A New Beginning is in a newsletter format, issued in numbered volumes. It contains various articles and is issued at least every three months. It qualifies as a periodical. 11/19/92.

(f) SPECIFIC PUBLICATIONS

[385.1260](#) **AD-LIB.** Although the publication, AD-LIB, fails to qualify for the newspaper exemption, it qualifies as an exempt periodical, even though it is primarily a shopping guide, since each issue contains information of general interest to the public and appears at stated intervals. 4/30/69.

[385.1275](#) **Aileron.** Aileron is a continuing video tape series containing articles of interests to airplane pilots. It is issued quarterly and sold by subscription only. Each issue contains eight to twelve segments on subjects of interest to pilots and each issue is similar in format and subject matter.

Video tapes cannot be classified as periodicals merely because they classify themselves as magazines. Video tapes and publications are separate and distinct forms of property that are not interchangeable. The sales of the video tapes to subscribers are taxable sales. 7/22/86.

[385.1300](#) **American Social Health Association Newsletter.** The American Social Health Association Newsletter, a periodical published “four or five times a year” by a nonprofit organization, is not an exempt periodical because it is not published at “stated intervals.” 4/2/70.

385.1315 **Barron’s Business and Financial Weekly.** Sale of Barron’s Business and Financial Weekly by subscription and delivered by a delivery service qualifies as an exempt periodical under section 6362.7. 8/30/93.

385.1316 **Apartment Owners Review Publication.** Apartment Owners Review is described as being produced for a specific client. It consists exclusively of advertisements and may include an article which publicizes services provided by the client. The publication is delivered directly to the U.S. Post Office by a mailing service for redelivery to the recipients unsolicited and free of charge.

This publication does not qualify as a “periodical” under Regulation 1590(a)(2), it qualifies as a printed sales message for purposes of Regulation 1541.5. 12/20/91.

[385.1320](#) **Bechtel Briefs—Periodicals.** Bechtel Briefs, a monthly publication distributed to clients and employees, qualifies as an exempt periodical under section 6362. 11/8/65.

[385.1335](#) **Berkeley Center News.** The “Berkeley Center News,” published by the Berkeley World Plan Center, does not qualify for the status of an exempt periodical because it is not issued at stated intervals as required by Regulation 1590. 9/15/76.

385.1336 **Berkeley Voter.** The “Berkeley Voter,” a monthly publication of the League of Women Voters of Berkeley, is an exempt periodical based on the contents of the April 1986 issue. It is issued with the required frequency (even though one issue is published for June/July and one issue is published for August/September), and it contains information and news of interest to a particular group. 5/30/86.

(Note: Subsequent statutory changes.)

[385.1338](#) **Bestline Products Publications.** “Bestline Treasures” and “Keys to Success,” published by Bestline Products, Inc. do not qualify for exemption from sales and use taxes under Revenue and Taxation Code section 6362 and Regulation 1590. 9/15/76.

[385.1340](#) **Beverage Industry News.** Beverage Industry News, consisting of two issues each month in newspaper format, containing articles of interest to the liquor merchandising industry, and one issue each month in magazine format, containing listings of current fair trade wholesale and retail liquor prices and distributors, qualifies as an exempt periodical under section 6362. 11/9/67.

385.1348 **Bible Discoverers Teacher.** Bible Discoverers Teacher is published quarterly, and is a guide for Sunday school teachers focused on grades 3 and 4. Provided that each issue of this publication contains a significant amount of new material, the publication qualifies as a periodical, and if sold by subscription and delivered by mail or common carrier, the sales are exempt from tax. 6/2/93.

[385.1350](#) **Bible Study Guides as Periodicals.** Bible study guides used in classroom instruction qualify as exempt periodicals provided each issue contains a significant amount of new material and is published at average intervals not exceeding three months. If reissued cyclically without a significant amount of new material, bible study guides do not qualify as exempt periodicals. 05/28/76. (Am. M99-1).

385.1405 **California Tax Lawyer.** The California Tax Lawyer is published and distributed twice a year by the Taxation section of the State Bar of California and contains articles of general interest to its members.

Since this publication is issued only twice a year, the publication does not qualify as a “periodical” and the retail sale of the publication would be subject to sales tax. The publication is distributed to members, incidental to other benefits provided to the membership; accordingly, the organization is the consumer of the publication. Tax would apply to the sale of the publication to the organization. 5/4/93.

385.1410 **California Salt Shaker.** The sale and use of this publication, if regularly issued at average intervals not exceeding three months, for distribution without charge, is exempt from the sales and use tax. 7/1/93.

385.1412 **California Taxation 2d.** California Taxation 2d is a publication consisting of a loose-leaf binder containing informational materials on a subject. The publication is not issued at least four times a year, but is updated at least monthly. Tax applies to the initial sale of the loose-leaf binders and volumes, the sale of the updates qualifies for the exemption provided by section 6362.7 if it meets the other conditions required therein. 1/28/93.

[385.1415](#) **Candle Corporation Publications.** The publications “Inside Operations,” “Candle Computer Report,” “Is People,” and “Interface,” which are sent free of charge qualify as exempt periodicals when in the form published in September 1993 and when distributed in the same manner as they were distributed at that time. 11/29/93.

[385.1417](#) **The Catholic Herald.** The Catholic Herald and El Heraldo Catolico are different language editions of the same publication. They are sold by subscription only and are delivered by mail. Both publications are exempt periodicals. 8/22/94.

[385.1424](#) **Christian Science Publishing Society Publications.** The Christian Science Quarterly Bible Lessons (a quarterly publication), The Christian Science Sentinel (a weekly publication), Le Héraut de la Science Chrétienne (a monthly publication) and the Christian Science Journal (a monthly publication) qualify as periodicals. The Christian Science Monitor qualifies as a newspaper. If the publisher qualifies for tax exempt status under section 501(c)(3) of the Internal Revenue Code, its sales of periodicals and newspaper are exempt if the periodicals and newspaper do not receive revenue from, or accept, any commercial advertising. 5/11/94.

[385.1440](#) **“Computerized Security Analysis.”** A monthly newsletter, “Computerized Security Analysis,” which contains information for stock market investors and which is sold through subscription, is an exempt periodical. 5/16/67.

[385.1500](#) **“Diary National Reports.”** “Diary National Reports” published by the American Research Bureau each broadcast year for September, October, November, January, March, April/May and June/July qualifies for content as well as the required frequency of publication as exempt. Other publications of the ARB, “Day Part Summary,” “Television Market Analysis,” “Audience Profile Reports,” “Local Market Reports” and “Syndicated Program Analysis” are not issued at the required frequency to meet the test for exemption. 3/16/66.

[385.1520](#) **“Delcon Detector,”** a publication issued at least once each quarter, devoted to articles concerning ultrasonic leak detection technology qualifies as an exempt periodical under section 6362. 8/31/65.

[385.1522](#) **Demeo, California Deposition and Discovery Practice.** Demeo, California Deposition and Discovery Practice is a publication consisting of a binder of pages containing informational material on a subject. Regular publications are updated periodically. Some are updated as infrequently as one a year, and others are updated as often as five times a year. Tax applies to sales of binders and volumes. The updates are replacement pages for the loose-leaf volumes and a one page publication titled “Publication Update—California Deposition and Discovery Practice”. Sales of the updates of the regular publications issued at least four times a year qualify for the exemption provided by section 6362.7 if they meet the other requirements required therein. Tax applies to updates issued less frequently than four times a year or more than sixty times a year. 1/28/93.

[385.1532](#) **DollarSense.** DollarSense is a quarterly publication providing articles containing information to help the general public manage money. It is also published in a form which allows the publisher to sell issues to various financial institutions. The institutions’ copies are identical, but the cover is custom made for each institution who then distributes the copies without charge to its customers.

After reviewing a sample copy, it was concluded that the publication qualifies as a periodical as defined in Regulation 1590. Section 6362.7 provides an exemption for the sales and use of “any such newspaper or periodical distributed without charge.” Accordingly, the exemption applies to the sale of the issues of this publication to the financial institutions which will distribute the publication without charge. 2/7/92.

[385.1580](#) **“Equipment and Materials Reporter.”** The publication “Equipment and Materials Reporter,” which devotes more than 90 percent of its printed area to advertisements or product publicity, does not qualify as an exempt periodical under Regulation 1590. Although one of the purposes of the publication is to keep an industry up to date on new machine developments, an equally or more important purpose is to create a demand interest in the subscribers in hopes that they eventually will buy the new product. With over 90 percent of the space used for these purposes, the publication does not meet the qualifications for exemption. 12/19/66.

[385.1600](#) **“Exchange Bulletin.”** The “Exchange Bulletin,” an advertising medium consisting of listings of real estate which brokers offer for exchange, does not qualify as an exempt periodical under section 6362. 12/15/65.

[385.1620](#) **“First Presbyterian,”** as presently constituted, is exempt. However, another publication, a single sheet which merely gives the hymns, sermon topic, etc., for the morning service with no other news content is a taxable program. 11/6/52.

[385.1630](#) **Flatlander Nugget.** The Flatlander Nugget is published for a nonprofit historical society club, is issued monthly, and contains articles of interest to members and others. The Flatlander Nugget qualifies as a “periodical” and is exempt when sold by subscription and delivered to the purchaser by mail. 6/1/93.

[385.1638](#) **Foreclosure Sales (Updated Weekly)**. The publication “Foreclosure Sales (Updated Weekly)” qualifies as an exempt periodical because it is published with the required frequency and contains news and information of general interest to a segment of the population. 5/30/86.

(Note: Subsequent statutory changes.)

[385.1642](#) **Fresno Pennysaver**. This publication qualifies as an exempt periodical because it is published with the required frequency, contains TV listings and articles of local community and sports events, and the advertising portion does not exceed 90% of the printed area in more than one-half of the issues in a 12-month period. 1/18/84.

(Note: Subsequent statutory change.)

385.1645 **From the Desk of**. From the Desk of . . . are letters that do not contain articles but generally publicize the ministry of a Pastor. These letters do not qualify as periodicals. The sale of this publication is not exempt from tax. Neither are the letters printed for the principal purpose of advertising or promoting goods or services. The letters do not qualify as “printed sales messages.” 11/19/92.

385.1657 **Harvest Fields**. Harvest Fields is in a newsletter format, issued in numbered volumes. It contains various articles and is issued at least every three months. It qualifies as a periodical. 11/19/92.

[385.1670](#) **Home and Land of Carmel/Monterey**. This publication is issued free of charge and the one copy submitted for review had 40 printed pages. Four pages consist of news and information of general interest to readers, specifically a two page article on the Monterey Bay Aquarium, a one page editorial, and a one page public service announcement on behalf of a missing children’s organization. The cover photograph constitutes part of the nonadvertising printed area of the publication.

Altogether the advertising portion of this issue constitutes 35 pages of 40 total pages, or less than 90% of the total printed area. Assuming other monthly issues of the publication likewise contain news and information of general interest, and contain no more than 90% advertising in more than half the issues of any twelve month period, the publication qualifies as a tax exempt periodical. 6/24/85.

(Note: Subsequent statutory changes re periodicals.)

[385.1695](#) **Insights**. Insights is published bi-annually by a high school. As the intervals between issues exceed three months, this publication would not be eligible for the periodical tax exemption. 11/7/90.

385.1710 **Julia Morgan Presents**. Julia Morgan Presents is a publication issued every three months and is given out free to everyone who comes to a performance at the theater as well as distributed free at various local functions. This publication contains information of general interest to the public, and each issue bears relationships to prior and subsequent issues with articles of familiar nature in each issue.

This publication qualifies as a “periodical”. Provided that this publication is, in fact, issued at average intervals not exceeding three months and distributed without charge, sales by the printer to the publisher are exempt from tax pursuant to section 6362.7. 7/1/92.

385.1730 **“Line Drives.”** Among other requirements, Regulation 1590 limits the periodical exemption to “. . . those publications which appear at stated intervals, each issue of which . . .” Although the format and content of the publication “Line Drives” meet some of the requirements of exemption, it is not published “at stated intervals,” and is therefore not exempt. 1/23/84.

385.1760 **“Lumber Industry of Pacific Coast,”** designated as a supplement to “Monthly Review” is exempt if regularly issued within prescribed intervals. 6/25/51.

385.1770 **Major League Baseball**. The magazine issued by a professional major league baseball team does not qualify as an exempt periodical because it gives no indication just what issue, within a series of

issues, the purchaser is buying and is therefore not issued at stated intervals as required by statute. In addition, the content of each issue in each year's series of issues is substantially similar to all other issues in the series, to the extent that many of the same articles are repeated in each issue. Thus, this publication is not a qualifying periodical since each issue of a qualifying periodical must contain news or information of general interest, meaning each issue must contain a significant amount of space devoted to new articles. 11/21/84.

385.1780 Medical Publications. "Medical Staff Bulletin," published every two months containing news and information of interest to hospital staffs; "CMA News," a monthly publication distributed to members of the California Medical Association containing news of association activities and current medical practices; and "What Goes On," published nine times during the year and devoted primarily to listings of medical post graduate courses, meetings and continuing education opportunities, are all exempt periodicals. 12/7/66.

385.1783 Miscellaneous Publications. Prior to July 15, 1991, all newspapers and periodicals were exempt from sales and use tax. The following publications would be exempt during that period.

California Business Law Practitioner
Real Property Law Reporter
Estate Planning/California Probate Reporter
Civil Litigation Reporter
California Business Law Reporter
Land Use Forum. 1/29/92.

For the period July 15 through October 31, 1991, there was no exemption for these publications and the publisher is considered to be the consumer of the periodicals. Since October 31, 1991, from the samples that were submitted, all of the following publications qualify as tax exempt periodicals when sold by subscription.

385.1785 National Geographic Magazine. Tax does not apply to the sale or use of the National Geographic magazine since it is distributed by an organization that qualifies for tax exemption status under section 501(c)(3) of the Internal Revenue Code and is distributed to members in consideration of their membership fees. (Section 6362.8.)

The following is a chronology of the application of the tax to National Geographic:

- (1) Prior to July 15, 1991, both the cost and selling price of National Geographic were exempt from tax.
- (2) From July 15, 1991 to October 31, 1991, any sales of National Geographic were subject to tax unless the sale resulted from a subscription that was entered into and paid prior to July 15, 1991.
- (3) Beginning November 1, 1991, National Geographic again qualifies for exemption status for the reasons stated above.

Additionally, sales resulting from subscriptions entered into during the time frame from July 15, 1991 through October 31, 1991, are taxable only for that portion of the subscription fee applicable to publications delivered from July 15, 1991 through October 31, 1991. The remaining subscription fees applicable to deliveries beyond that date October 31 are exempt from tax.

(Note: The sale or use of this periodical sold by subscription and delivered by mail or common carrier is also exempt from sales or use tax effective November 1, 1992 under section 6363.7.) 3/10/92.

385.1788 Net Age and 3 Tech. Both of these publications meet the definition of a periodical under section 6362.7(c) and are sent free to their subscribers. Therefore, the periodical exemption applies provided the advertisement portion for each publication does not exceed 90 percent in more than one-half of the issues within a 12 month period. 12/29/93.

385.1796 **Nursing and Allied Health (CINAHL) 1992 Subject Heading List.** Nursing and Allied Health (CINAHL) 1992 Subject Heading List is issued annually and contains information of general interest to persons interested in health care. Since this publication is an annual, it does not qualify for the periodical exemption and tax applies to the sales of this publication. 11/19/92.

385.1797 **Nursing and Allied Health (CINAHL) 1992 Database Search Guide.** Nursing and Allied Health (CINAHL) 1992 Database Search Guide appears to be a procedure manual and appears to be a book complete in itself. Tax applies to the sales of this publication. 11/19/92.

[385.1800](#) **“Oceanic Index,”** a publication produced every two months, cumulative at the end of each year, which includes up-to-date references to currently published literature that is marine oriented, constitutes an exempt periodical. 2/17/67.

[385.1820](#) **“Oceanic Abstracts, State of the Art-Instrumentation,”** a bound publication of abstracts produced at irregular intervals, is not an exempt publication. 2/17/67.

385.1825 **“Official Airline Guide.”** The Official Airline Guide consists almost entirely of data concerning scheduled airline flights, arranged by city of destination. For each flight listed, it includes such information as city of departure, the times of departure and arrival, the air carrier providing the flight, the frequency of the flights, and references to connecting flights. The Official Airline Guide qualifies as a periodical as defined under Regulation 1590(a)(2) since it is published with the requisite frequency (four times monthly) and is intended to be used by the travel industry as a comprehensive reference source for all or almost all scheduled airline flights to and from the cities covered by the publication. Its comprehensiveness indicates that its purpose is not to advertise or promote the flights of one or more of the airlines listed in the guide. 1/16/86.

[385.1830](#) **Open Windows.** Open Windows is published quarterly and purchased by churches for distribution to members of the congregations for personal devotional reading. Provided that each issue of this publication contains a significant amount of new material, the publication qualifies as a periodical and if sold by subscription and delivered by mail or common carrier, the sales are exempt from tax. 6/2/93.

[385.1835](#) **“Out of the Blue.”** “Out of the Blue” is a quarterly video magazine produced by a studio. Each issue contains a similar format which includes aircraft and product reviews, a famous aviation columnist, airport profiles, and about five minutes of advertising. The entire video is approximately 80 to 85 minutes in length. The video magazine is sent out every three months to paid subscribers. The only difference between Out of the Blue and a regular magazine is that Out of the Blue is on video, not paper, and it is issued quarterly not monthly.

Video magazines fall outside the periodical exemption and are, therefore, taxable. The Legislature has elected to treat videos as a separate and distinct form of tangible personal property. Although in many respects it may appear as though the production satisfies the requirements of an exempt periodical, it is still a video and it is its characterization as a video which is determinative. For these reasons, a video magazine cannot be considered an exempt periodical regardless of whether or not in all the other respects it appears to meet the requirements of the exemption. 5/31/91.

385.1839 **Pacific Coast.** “Pacific Coast” is stated to be issued monthly. It contains articles of general interest and much less than 90% of its printed area is advertising. Under these conditions it qualifies for exemption, provided it is distributed without charge or sold by subscription and delivered by mail or common carrier. 11/28/90.

[385.1843](#) **Paperback Sourcebooks Series.** “Paperback Sourcebooks” series are issued quarterly with each issue devoted to a single topic, but with each topic related to a broader subject which is the theme of the series to which each issue belongs. There is a definite connection between the different issues of the series in the nature of the articles appearing in them. Subscriptions and single copy sales are exempt as periodicals. 6/6/84.

(Note: Subsequent statutory changes re periodicals.)

385.1845 **Pathways Music News.** Pathways Music News is published monthly. It consists of book reviews, listing of concerts and events, and articles, all of which concentrate their emphasis on a spiritual music theme. There was no advertising in a sample copy. The publication is distributed on a subscription basis.

Assuming the sample copy is a representative sample, this publication qualifies as an exempt periodical. It is published with the requisite frequency (monthly); it contains news or information of general interest to some particular organization or group of persons; and clearly the news and information portion of the publication exceeds 10 percent. 4/29/88.

385.1848 **Proclaim.** Proclaim is published quarterly, and is a pastor's journal for biblical preaching and contains a number of articles of interest to pastors. This publication qualifies as a periodical and if sold by subscription and delivered by mail or common carrier, the sales are exempt from tax. 6/2/93.

[385.1850 Professional Responsibility Update.](#) The publication "Professional Responsibility Update" qualifies as an exempt periodical as it is issued quarterly. The annual revision of the manual is not an exempt periodical as it is only issued once each year. 3/7/78.

[385.1860 Psychological Journals.](#) Monthly and bi-monthly journals and employment bulletins published by the American Psychological Association are exempt periodicals. The association's annual directory is not an exempt periodical. 11/14/67.

385.1868 **Real Estate Insider.** Real Estate Insider is a monthly publication comprised of articles concerning the housing market and other topics related to real estate. Each issue has a connection with other issues in the nature of the articles, and each issue bears a relationship to prior or subsequent issues with respect to continuity of literary character.

Real estate professionals distribute the publication without charge. The sale and use of *Real Estate Insider* are exempt from sales and use tax under section 6362.7.

[385.1872 Research Institute Estate Planners Alert.](#) The monthly publication of "Research Institute Estate Planners Alert" will qualify for an exemption from California sales and use taxes as a periodical issued on a regular basis. 8/4/76.

385.1877 **Recreator.** *Recreator* is published monthly by a nonprofit organization and contains articles of general interest regarding employee recreational activities. The publication is in newsletter form and is printed on one 113 x 173 sheet folded in half to form four 8½ x 113 pages.

The publication qualifies as a periodical and is distributed to the members as part of a membership fee. It also appears that the nonprofit organization publication does not qualify for tax-exempt status under section 501(c)(3) of the Internal Revenue Code. If the issues are distributed to the members in consideration, in whole or in part, of the membership fee and the amount paid for the cost of printing is less than 10% of the membership fee for the period the *Recreator* is published, tax would not apply to the distribution of the newsletter for that year. 5/28/92.

[385.1878 Residential Real Estate and Insurance Newsletter.](#) This publication is issued at stated intervals four times annually and it contains articles on residential real estate and insurance topics. Thus, it qualifies as an exempt periodical. 3/7/84.

(Note: Subsequent statutory changes.)

[385.1879 San Diego Live.](#) San Diego Live is issued once a month and contains information of general interest to the theater going public in the San Diego area. The three sample issues received have a

continuity of subject matter as monthly theater guides. Advertising does not exceed 90% of the printed area in the three issues provided. Assuming the other issues follow the same format with respect to percentage of advertising, sales of this publication are tax exempt. 7/18/89.

(Note: Subsequent statutory change.)

385.1880 School Catalogs. The catalogs for the California State University System (CSU) are printed by the state printing office and sold to the individual campuses of CSU. The campuses sell the catalogs to the bookstores which are operated by private entities located on areas leased to them by the schools.

The exemption for sales of school catalogs, including CSU's, is limited to sales by the school to students of the school. Sales by private operators of on-campus bookstores do not qualify for the exemption, and are therefore taxable. 4/24/85.

385.1882 Science Citation Index and Science Citation Index, 1945 to 1954—Ten-Year Cumulation.

A university purchased the *Science Citation Index, 1945 to 1954—Ten-Year Cumulation* from an out-of-state vendor for its library of physics. The set, consisting of ten volumes, was purchased separately from bi-monthly editions of *Science Citation Index*. The transactions occurred prior to July 15, 1991.

Although the bi-monthly publication *Science Citation Index* is merely a reference index, it appears at stated intervals and each issue contains information of general interest to some particular organization or group of persons. Each issue appears to bear a relationship to prior or subsequent issues with respect to continuity of literary character or similarity of subject matter. There is also a connection between the different issues in the nature of the material appearing in them. The *Science Citation Index* qualifies as a periodical.

Because the ten year cumulative index is not issued as one of a series of periodicals, the ten year cumulative index does not qualify as a periodical. 5/28/92.

385.1885 Searching CINAHL Effectively—1992 Teaching Guide. Searching CINAHL Effectively—1992 Teaching Guide appears to be a procedure manual and also appears to be a book complete in itself. Tax applies to the sales of this publication. 11/19/92.

385.1888 Self Realization. Self Realization is a magazine, published quarterly by a religious organization and contains information of interest to the organization's membership. The publication has a similarity of subject matter between the different issues. The organization does not accept any commercial advertising for its publication, but does advertise its own products for sale.

This publication qualifies as a "periodical" and is exempt from the sales tax pursuant to section 6362.8. Advertising an organization's own products does not constitute an acceptance by the organization of commercial advertising. 11/5/82.

385.1900 "Service Notes," printed instructions for servicemen issued from time to time as changes in models dictate and not necessarily at regular intervals, not a regularly issued exempt periodical. 7/27/51.

385.1920 "Shippers' Cyclopedia." "The Shippers' Cyclopedia" which is rented to subscribers and is kept current by the issuance from time to time of loose leaf replacement sheets is not an exempt publication because the loose leaf replacement sheets are not "regularly" issued. Irrespective of the fact that replacement sheets had been issued at least every three months, there was no pre-arranged timetable for the replacement sheets which were issued only upon the occurrence of a freight rate change. 7/20/67.

385.1960 Souvenir Program. The "Official 200th Anniversary Souvenir and Program Guide," an official guide of the anniversary celebration of San Diego, does not qualify as a periodical because it is essentially a single publication although it is later reissued with an updated calendar-of-events. This does not alter the character of the guide from a souvenir program to a periodical. 12/20/68.

385.1970 **Spartan Times.** “Spartan Times” is a high school newsletter printed monthly for Gonzales High School and contains news and information of interest to the student body. It qualifies for exemption under Regulation 1590, provided it is distributed without charge. 11/28/90.

[385.1980](#) **“Surprise Package.”** “Surprise Package” consists of an envelope containing a fold-out “showcase” on which is printed congratulations to parents of newborn infants and reproductions of water-color paintings of babies. Within the folded showcase is a congratulatory phonograph record containing baby lullabies and a folded inner sheet containing zodiacal information relative to the current month, editorial matter pertaining to babies and free merchandise coupons issued by manufacturers of baby products. Each month’s Surprise Package will be distributed to couples which have had babies during the current month. It will normally be distributed to a couple once during the year. It is in the nature of a greeting card rather than a periodical, and does not qualify as a periodical under section 6362. 8/12/65.

385.1992 **The Brea Line—Printed Sales Message.** The Brea Line is the official city newsletter of the city of Brea. It mostly consists of articles of general interest and articles and announcements of free services provided by the city. It is issued at average intervals not exceeding three months. The publication is delivered by the printer to the U.S. Post Office for distribution within the city of Brea. The publication is free to the recipients.

The publication qualifies as a periodical rather than a printed sales message. The sale of the Brea Line from the printer to the city is exempt from tax on and after October 1, 1991. 12/2/91.

[385.2000](#) **“The Simian.”** “The Simian,” a monthly publication mailed to members of the Simian Society of America is exempt from sales tax because “The Simian” is regularly issued and is a periodical which contained news and items of interest regarding simians. 5/8/70.

385.2010 **The View.** “The View” is issued within the required frequency parameters, contains news and articles of interest to the students at California State University, Hayward, has consistency in style and format, and similarity of character and subject matter. Its sale or use will be exempt from tax if given away free or sold by subscription. 12/22/94.

385.2015 **Thru the Cork Screw.** The publication is printed three to four times a year and is delivered directly to a mailing house. The publication is sent free of charge to its recipients by the mailing house. The publication’s content is primarily articles of a general nature which are of interest to the public or a segment of the public. Since the publication is published three or four times a year, it does not appear to be published at stated intervals and does not qualify as a periodical. It also does not qualify as a printed sales message since the majority of the space in the publication is devoted to articles and, thus, its primary purpose is not the promotion of sales of goods or services. 6/25/96.

385.2030 **TV Facts.** “TV Facts” a weekly publication providing television programming information, is exempt from sales tax under Regulation 1590 as a publication containing information of general interest to the public. 8/16/76.

[385.2070](#) **“Weekly Focus.”** Weekly Focus is a one page customized newsletter, issued weekly, sold by subscription only and delivered to subscribers by mail. The customizing is done by the inclusion of the subscriber’s name, logo, address and phone number in the upper left corner margin of the sheet and in the bottom four inches of the sheet which prominently displays the name of the person to contact and a statement promoting the subscriber’s business. The remainder of the sheet (5¾”) contains information of interest to the mortgage banking industry. It is designed so that the subscriber may make copies for such distribution as may be desired. Inasmuch as each issue’s information section is the same for all subscribers, the sales are by subscription only and delivery is by U.S. Mail, and each issue is similar in style and format, with continuity of subject matter and literary style, “Weekly Focus” is a periodical not subject to sales or use tax, even though copies of it may be used for business promotion. 8/24/94.

[385.2080](#) **“Western News.”** The publication, “Western News,” primarily an antique shoppers’ guide, but containing information of general interest to special groups of readers, qualifies as an exempt periodical under section 6362 and is, therefore, not subject to tax. 4/14/69.

[385.2100](#) **Miscellaneous.** The following publications, as constituted at date of correspondence, have been held exempt, assuming publication with required frequency:

Ascot Lodge Bulletin; Diplodocus; Printing Industries Association Bulletin; Clinical Osteopathy; Olive View-Point; Market Basket News; Trends; Packard- Bell; Skid Marks; Immanuel Messenger; Monthly Review; “12-L” News; Photofact Folder Sets; Photofact Index; Temple Topics; Scottish Rite Bulletin; The Civic Voice; Cantwell Columbia, Healing Hope; The Brief; The Hospital News; This Week in Review; World News of the Week; Popular Home; “AIA Chapter of Southern California”; “Rotary Breeze” (mimeographed); “Laguna Beach Country Club News Bulletin” (mimeographed); “The Voice of the Grower”; The Bally-Hoo; Los Angeles School Journal; So. California Grocers Journal; Relief Valve; Savings and Loan Journal; Los Angeles County Employee; Fibreboard Review; “The Hour Glass”; “The First Presbyterian Church Periodical;” “Tropical Aquarist;” “Long Beach Municipal Employee;” “Fairways;” “Golden State News;” “Seaboard Mason and Eastern Star”; “Monthly Calendar”; “Kiwanian of Angeles Mesa;” “The Exchange Hollywoodian”; “California Certified Public Accountant.” 6/21/51.

[385.2101](#) **Miscellaneous.** The following publications are considered to be either a newspaper or a periodical, as defined in Regulation 1590:

Alumni Newsletter, 3/25/68
American Church News, 5/3/76
California Cares, 6/2/67
Center, 11/19/73
Clear News, 8/21/73
Commodity Computerized Indicator Consensus, 3/21/68
Composite Market Survey, 10/30/73
Cooperator, 9/15/76
Daily Word, The Unity, and Wisdom, 8/10/67
Discover Santa Clara Valley, 3/18/76
E.B. Crocker Art Gallery Calendar, 1/23/79
Edgewood News, 11/15/65
ETC, 6/23/76
Ford Times, 5/3/66
Guest Check In, 9/11/74
Handy Hints, 10/5/77
Healthnews, 1/28/74
Incentive Shopper, 10/25/66
Industrial Relations Law Journal, 6/28/76
Investment Advisers, 8/7/67
Job Line, 12/9/77
Linage Booster, 9/25/73
Live, 11/9/73
Lions Tale, 1/5/66
Monday Funnies, 8/11/77
News Notes and Resource Guide published by the San Mateo Educational Resources Center, 11/19/73
Nicotine Soup, 8/31/76
Pacific Coast Archaeological Society, Inc., 11/4/65
Picture Magazine, 2/22/78
Realty Sales Service, 9/22/76
San Francisco Time Card and Ready Reference, 3/21/51
Score Reports, 10/30/73

Selling News, 9/25/73
SNAP, 11/7/66
25er Speaks, 8/2/67
SREA Market Data Center publications, 1/8/74
The Baptist Layman, 11/9/73
Turtle Soup, 3/21/78
TV Host, 9/26/72
Unity Insight, 3/25/66.

[385.2110](#) **Miscellaneous.** The following publications are not considered to be either a newspaper or a periodical, as defined in Regulation 1590:

Adult Bible Quarterly, 11/9/73
Advanced Bible Studies, 11/9/73
Baptist Teacher, 11/9/73
Bechtel Telephone Directory, 3/26/76
Bible in Life Pix, 11/9/73
"California Homes", 7/27/51
CCAC, 4/9/74
Celebrating the Eucharist, 12/7/76
El Monte "Checkerboard", 2/2/51
FIDO, published by San Mateo Educational Resources Center, 11/19/73
Golden Gate College Bulletin, 6/12/74
Intermediate Sunday School Lessons, 11/9/73
Junior Sunday School Lessons, 11/9/73
"Kiwanis Club Bulletin", 12/8/50
Loyola Marymount University Bulletin, 10/24/74
Nursery Bible Lesson, 11/9/73
Primary Bible Lessons, 11/9/73
Reader's Digest Condensed Books, 8/18/82
Real Estate Review, 5/1/74
Recreational Brochures, 5/26/76
Selling Quickies, 9/25/73
Senior Bible Quarterly, 11/9/73
The Gold Counties Buy and Sell Press, 1/8/74
Touchdown Illustrated, 4/5/74
"Twilight Tidings", 9/25/51
USC Bulletin Series, 3/21/74
Varian Instrument Applications, 9/12/73.