

**STATE BOARD OF EQUALIZATION**

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July 27, 1988

Mr. J--- G---
Vice President
B--- of --- ---, Inc.
XXX --- Street
--- ---, CA XXXXX

B--- of --- ---, Inc. – SR -- XX-XXXXXX
Printed sales messages – proxy statements and
SEC registration statements

Dear Mr. G---:

In your June 9, 1988 letter to Mr. Gary Jugum, Assistant Chief Counsel, you write:

“At the advice of Carol Jaffe, Senior Tax Auditor in San Francisco, we are contacting you for legal determination on applying any sales tax to prospectuses, offering circulars, proxy statement, registration statements and similar printed documents.

“I have enclosed previous correspondence and samples for your review, and would like to have a specific written response from your office on the legality and exact parameters of non sales tax for similar documents based on the recently approved ruling signed by the Governor in 1987 as it applies to financial printing.”

You enclosed with your letter several printed prospectuses offering for sale either limited partnership interests or common stocks. You also enclosed a registration statement filed with the Securities and Exchange Commission, Washington, D.C., which is a filing required by the SEC under the Securities Act of 1933.

You also enclosed a letter from Mr. J. E. (Jim) Speed, District Principal Auditor, San Francisco office, State Board of Equalization, to Mr. D--- L. R---, Treasurer/Controller of your company, dated January 25, 1988. Mr. Speed advised Mr. R--- that prospectuses will qualify as tax-exempt printed sales messages under Revenue and Taxation Code Section 6379.5 (which became effective

January 1, 1987) and Sales and Use Tax Regulation 1541.5, assuming they are mailed in the manner required by that section and regulation.

Opinion

Mr. Speed has correctly advised your company in his letter that prospectuses constitute printed sales messages exempt from tax in the manner indicated in his letter. We do not feel there is anything we can add to his advice.

Our opinion is that registration statements and proxy statements will not qualify as tax-exempt printed sales messages, regardless of the manner in which they are mailed. Neither registration statements nor proxy statements are "printed for the principal purpose of advertising or promoting goods or services." These types of printed matter thus do not meet the definition of a printed sales message set out in Regulation 1541.5(a)(1).

I enclose a copy of Regulation 1541.5 for your information. Please feel free to contact me if you have any further questions or comments about this letter.

Sincerely,

John Abbott
Tax Counsel

JA:jb
Enclosure