

**STATE BOARD OF EQUALIZATION**

1020 N STREET, SACRAMENTO, CALIFORNIA  
(P.O. BOX 942879, SACRAMENTO, CALIFORNIA 94279-0001)  
(916) 445-6450

April 29, 1992

Ms. L--- S---  
Corporate Tax Department  
C--- C---, Inc  
XXXXX --- Blvd.  
---, CA XXXXX  
Attn: M/S 25

SY -- XX-XXXXXX

Dear Ms. S---:

This is in reply to your February 12, 1992 letter regarding the application of sales tax to charges in connection with educational seminars. Specifically, you asked for the application of tax to the following charges:

“1. An update on current tax law presented to the general public at an off-site location. Price includes course materials and lunch.”

We are unable to give you a definitive answer without further information as to the amount charged for the seminar, the nature of the course materials, and a description of the instruction provided. If you provide significant classroom instruction to the seminar participants, only the charge to the participants for the lunch is subject to sales tax. Assuming that a separate charge is not made to the participants for the course materials, the charge to the participants for the course materials is non-taxable. In such case, tax applies to the sale of the course materials to you.

On the other hand, if the seminar were to consist only of a short speech with handout materials at a lunch, and all of the participants were required to purchase the lunch in order to attend the speech and obtain the handout materials, we would view the transaction as being a retail sale of the lunch and handout materials. Tax would apply to the entire charge. The speech would merely be a service that was part of the sale of the lunch and handout materials.

“2. A seminar that trains customers on the use of our software package. The seminar includes course materials and is billed separately from the software.”

We assume that the charge to the customer for the seminar and materials is entirely optional; that is, you do not require the customer to purchase the seminar or the materials as a condition of buying the software. In such case, tax does not apply to the charge for the seminar. Assuming that you do not make a separate charge for the course materials, the charge is part of the non-taxable charge for the seminar. You are the consumer of the course materials in that event, and tax applies to the sale to you of the materials.

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

Very truly yours,

Ronald L. Dick  
Senior Tax Counsel

RLD:es