

**STATE BOARD OF EQUALIZATION**

916/445-6493

May 14, 1984

Mr. P--- L. W---
XXX --- ---
---, CA XXXXX

No Permit

Dear Mr. W---:

Your letter of April 2, 1984, has been referred to me for reply. You ask whether the "service" you provide your clients is subject to tax.

We understand that you offer a "time value reminder service" to contractors and to other business entities whereby you provide your client, on a weekly basis, printed job status reports which are based on customer furnished information. Apparently these reports are used as an aid in the coordination of various projects by the contractor. You state that the reports might also include some incidental information such as a safety topic or joke.

California Sales and Use Tax Law imposes a tax on the sale or use of tangible personal property in this state, unless the sale or use is otherwise exempt from taxation. Tax does not apply, however, to charges for the performance of a service if there is no "sale" of tangible personal property. We have reviewed the enclosed sample copy of a typical report which you issue to your customers. It is our opinion that you are providing a service rather than selling tangible personal property when you furnish your clients such written reports. The incidental inclusion of information in the report which is not specifically requested by the customer such as a joke would not result in a taxable sales transaction. Therefore, your charges for the time value reminder service are not subject to sales or use tax.

If you have any further questions, please write this office.

Very truly yours,

Charles J. Graziano
Tax Counsel