

M e m o r a n d u m**325.1000**

To: Los Angeles District – District Administrator (JWT)

Date: July 7, 1966

From: Tax Counsel (GAT) - Headquarters

Subject:

We have reviewed the information which you have submitted regarding the photoengravings which --- makes for advertising agencies for delivery to out-of-state publications.

It is our understanding that prior to shipment, --- pulls progressive proofs, finished proofs, and Scotchprints from the plates and furnishes them to the advertising agencies in this state. The progressive and finished proofs are furnished to the agencies for their inspection and approval. The Scotchprints are high quality proofs from which acceptable duplicate plates could be made by a simplified process if the original plates were lost or mutilated. They are furnished to the advertising agencies for insurance purposes.

In our opinion, the pulling of such progressives, finished prints, and Scotchprints is not taxable use of the photoengravings.

If the photoengraver makes a separate charge for the progressives, finished prints, or Scotchprints, the charge therefor will be subject to tax.

GAT :mm