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**STATE BOARD OF EQUALIZATION**

April 23, 1957

Attention: Mr. ---

Your letter of Feb. 25

Gentlemen:

You inquire as to the tax consequences of your plan to both sell and distribute free the city directories which you will print. Also, you state that you plan to give them as a premium to those who purchase advertising over a certain amount.

Since city directories are not issued at average intervals not exceeding three months, they are not exempt as periodicals: and their sale would be subject to tax as a sale of tangible personal property.

As to those given away free or as a permium, you are a consumer of the materials used therein and are subject to a use tax thereon, if obtained tax free from your vendors.

However, as to the materials used in those directories sold by you, you are a purchaser for resale and not subject to a use tax thereon.

Therefore, you should purchase all of your materials under a resale certificate, and then, as to that portion thereof which is used in directories given away by you, you pay a use tax.

Very truly yours,

Bill Holden  
Associate Tax Counsel

BGL:rc  
cc: San Bernardino - Cpmpliance