

Common Sales and Use Tax Exemptions

(To confirm or determine if an exemption applies, please contact Tax Services with the facts of your transaction.)

1	ARTWORK	Original works of art purchased for display in museums and public places.
2	FEDERAL GOVERNMENT	<ul style="list-style-type: none"> ○ Purchases from federal government – federal government holds title to item purchased. Federal Acquisition Regulation (FAR) clause documenting government is required. ○ Sales to the federal government – payment must be made directly to the vendor by the US Government.
3	STATE GOVERNMENT <i>(non-California)</i>	Sales to or purchases from " <i>non-California</i> " state government agencies.
4	FOOD PRODUCTS	Exempt food products (excludes catering related services).
5	FREIGHT	<p>Goods delivered by common carrier, contract carrier or US Mail.</p> <ul style="list-style-type: none"> ○ Shipping charges should be separately stated from handling charges which are taxable. ○ See BOE Publication 100 – Shipping & Delivery Charges for chart.
6	INTANGIBLE PROPERTY	Intangible property (patents, licenses, copyrights, etc.).
7	NEWSPAPERS & PERIODICALS	Distributed without charge and issued between 4-60 times per year.
8	OCCASIONAL SALE	<p>Purchase from a person who is not engaged in a business requiring a seller's permit.</p> <ul style="list-style-type: none"> ○ "Occasional Sales Affidavit" is required and must be approved by Tax Services.
9	PRESCRIPTION MEDICINES	Medicines used to treat humans – includes items implanted in the body.
10	PRINTED SALES MESSAGES	<p>Printed material must advertise a good or service, and be delivered by vendor to recipient by common carrier or USPS at no cost to recipient.</p> <ul style="list-style-type: none"> ○ Exemption Certificate must be issued by Tax Services.
11	PURCHASED FOR RESALE	<p>Item purchased for resale.</p> <ul style="list-style-type: none"> ○ Resale Certificate must be issued to vendor by Tax Services.
12	REPAIR & INSTALLATION LABOR	<ul style="list-style-type: none"> ○ Repair labor is exempt if taxable parts are stated separately on invoice. ○ Installation labor is exempt if no tangible property is created or assembled.
13	SERVICES	Services where no tangible personal property is received.
14	SOFTWARE – CANNED	<p>Electronically delivered – <u>no tangible media such as a CD or DVD received.</u></p> <ul style="list-style-type: none"> ○ Vendor's invoice should state product is delivered electronically. ○ See Software License – CA Sales Tax Quick Reference Guide.
15	SOFTWARE – CUSTOM	Custom software prepared to special order of the customer and related maintenance agreements, regardless of the method of delivery.
16	SOFTWARE – OPTIONAL MAINTENANCE AGREEMENTS <i>Tangible personal property received</i>	<p>Maintenance relates to purchase of prewritten or "canned" software and is optional.</p> <ul style="list-style-type: none"> ○ Lump sum charge for "optional" software maintenance is separately stated on invoice. ○ Upgrades and updates are received on tangible media such as CDs during the term of the maintenance agreement. ○ Partial Exemption: 50% of lump sum exempt, 50% taxable. ○ See Software Maintenance – CA Sales Tax Quick Reference Guide.
17	SOFTWARE – OPTIONAL MAINTENANCE AGREEMENTS	<p>Maintenance relates to purchase of prewritten or "canned" software and is optional.</p> <ul style="list-style-type: none"> ○ Lump sum charge for "optional" software maintenance is separately stated on invoice.

COMMON SALES USE TAX EXEMPTIONS

''	<i>No tangible personal property received</i>	<ul style="list-style-type: none"> ○ All maintenance received electronically during the term of the agreement, no tangible media such as CDs received. ○ 100% of the lump sum is exempt. ○ See Software Maintenance – CA Sales Tax Quick Reference Guide.
18	SOFTWARE RELATED CONSULTING SERVICES – OPTIONAL & SEPARATELY STATED ON INVOICE	Purchased in connection with custom or prewritten software.
19	TELEPRODUCTION EQUIPMENT	Partial exemption for Qualified Tele-production Equipment <ul style="list-style-type: none"> ○ Section 6378 certificate required – limited to Theater, Film & Television.
20	USE OUTSIDE OF CALIFORNIA	Item will be shipped by vendor to point outside California for use exclusively outside of California.