

540.0000 TANGIBLE AND INTANGIBLE PROPERTY

See also Buildings and Other Property Affixed to Realty; Sale; Service Enterprises Generally; Coins and Bullion.

[540.0015](#) **Advertisement Placed on Compact Disks.** Where the sale of advertising space on compact disks involves no transfer of tangible personal property to the purchaser of the advertisement, no sales or use tax applies to such advertising charges. 11/21/94.

[540.0020](#) **Advertising Space.** The sale of advertising space on maps does not constitute a sale of tangible personal property and the tax does not apply. 10/8/62.

[540.0040](#) **Blueprints, Drawings and Maps.** Persons engaged in preparing blueprints, drawings and maps, from engineering and other data furnished by customers who are licensed engineers, are producing the end products desired. The gross receipts therefrom constitute a sale of tangible personal property subject to tax without any deduction for labor or service costs. 12/9/55.

[540.0060](#) **Breeding Shares.** The sale of the right to have a thoroughbred mare bred to a particular stallion once each year during the breeding season without charge is not the sale of tangible personal property and is thus not subject to tax. 11/2/62.

[540.0110](#) **Cadaveric Tissues—Transfers.** California sales tax does not apply to fees charged with respect to transfers of human cadaveric tissues to surgeons for transplantation. Such transactions are not regarded for California sales and use tax purposes as sales of tangible personal property. 4/3/96.

[540.0160](#) **Coins and Stamps.** The sale of coins and stamps as collectors' items is subject to tax. 3/10/52.

[540.0175](#) **Coupon Books.** A firm will purchase grocery coupon certificate books from an out-of-state company which, in turn, it will sell to its customers located both inside and outside this state. These coupon books contain 22 certificates entitling the holder to obtain \$10.00 worth of coupons (based on the sum of the face values of the coupons) per certificate from the out-of-state company. The purchaser of the coupon book lists 35 different coupon selections on a certificate and mails it to the out-of-state company together with \$1.00 for shipping and handling.

Under these facts, the taxpayer is regarded as selling nontaxable rights to receive coupons from the out-of-state company. The actual certificates are a record of the right to receive specified coupons from the out-of-state company and do not constitute the sale of tangible personal property. The taxpayer and its customers' use of these coupon certificate books is regarded as the use of intangible property. Thus, no tax applies to the sale or use of the grocery coupon certificate books inside this state. 10/18/95.

[540.0180](#) **Coupons.** Sales of service station booklets containing coupons entitling purchaser to various services at no charge, are not sales of tangible personal property, but of an intangible, or a right to receive the various services listed in the coupon. Accordingly, sales tax is only applicable to the printer's charge for printing the coupon booklets; and no sales tax would apply to the sale of the booklets to the public. 10/22/56.

[540.0220](#) **Decals.** The furnishing of decals by an organization to its members for identification purposes in the purchase of merchandise at reduced prices, is not a sale of tangible personal property. However, the sales tax applies to the sale price of the decals to the organization furnishing them to its members. 6/12/56.

[540.0240](#) **Designs, Drawings, Customer Lists, Patents and Goodwill.** Designs, drawings, customer lists, patents and goodwill of an out-of-state corporation were purchased by an in-state purchaser. Since the designs and drawings are tangible personal property, they are subject to use tax measured by the portion of the purchase price reasonably attributable thereto. The customer lists, patents, and goodwill are intangibles. Accordingly, the portion of the purchase price reasonably attributable to these items is not subject to tax. The part of the purchase price attributable to the patent would also be subject to use tax if the patent was necessary to operate machinery or equipment that was also purchased. 8/10/66; 6/7/84. (Am. 2001-3).

[540.0280](#) **Fractional Interest, Tangible Personal Property—Transfer of.** When tenants in common transfer an interest in tangible personal property to another party, a sale of tangible personal property results, taxable measured by the price paid for the interest purchased. 9/16/66.

[540.0300](#) **Horse Syndicate Agreements.** Sales of shares pursuant to syndication of a horse passes an undivided ownership interest in the horse to the buyer. Such sales are sales of tangible personal property and subject to sales tax. 11/12/65.

[540.0301](#) **Horse Syndication Agreements.** Sales of horse syndication shares are sales of undivided ownership interests in the horse. These sales are sales of tangible personal property, not partnership interests or intangibles. (See also 540.0300.) 8/5/94.

[540.0310](#) **Human Body Parts.** Sales tax does not apply to sales of human body parts for medical usage. 1/21/77.

[540.0315](#) **Human Proteins and Enzymes.** Revenue and Taxation Code section 33 specifies that “human whole blood, plasma, blood products, and blood derivatives, or any human body parts held in a bank for medical purposes, shall be exempt from taxation for any purpose.” Human body part derivatives, such as proteins and enzymes, are not “human body parts” within the meaning of Revenue and Taxation Code section 33. Furthermore, the exemption from sales and use tax provided in section 33 applies only to blood products and human body parts “held in a bank for medical purposes. . . .” (Emphasis added.) If the transferor does not qualify as a “bank” for the purposes of section 33, no exemption is available.

For purposes of section 33, a “bank” is an organization that processes, stores, and distributes in a not-for-profit transaction blood products or human body parts pursuant to statute. Organizations that prepare property derived from human bodies for commercial sale do not qualify as “banks” within the meaning of section 33. 1/20/06. (2007–1).

[540.0320](#) **Maps.** The sale of a copy of an official map describing the size and location of real property is a sale of tangible personal property subject to sales tax. 4/26/55.

[540.0332](#) **Pay Per View Movies Over Hotel’s Television System.** A hotel has a service whereby hotel guests can view movies on a pay-per-view basis in their hotel rooms by turning the guest room’s television to the appropriate channel. The hotel’s agreement with the provider of the movies calls for the provider to install certain equipment on the hotel’s premises for use in showing movies to hotel guests over the hotel’s television system. The movies, on cassettes, will be provided to the hotel, loaded into the equipment by the hotel.

Tax does not apply to the pay-per-view charges by the hotel to their guest for viewing the movies. This is because there is no tangible personal property transferred to the hotel guests. Instead, they merely tune the hotel’s television set to the channel on which the movies are showing. Under the Sales and Use Tax Law, a taxable sale or lease requires the transfer of tangible personal property. Tax will apply only to the provider’s lease of the equipment and the cassettes to the hotel, unless the provider has paid tax measured by the purchase price and leased the equipment in the same form as it acquired them. 11/24/86.

540.0340 **Records.** Copies of police reports and hospital and doctor’s records, photocopied and furnished for a consideration, constitute tangible personal property and the receipts from the sale thereof are taxable. 7/11/66.

[540.0346](#) **Sales of Advertising Space on the Internet.** The sales of advertising space on the Internet are not subject to tax where there is no transfer of tangible personal property to the purchaser of the advertisement. If the seller of the advertising space provides any tangible personal property to the purchaser, the charges for the tangible personal property would be subject to tax. 2/26/97.

540.0350 **Sales of Drawings and Blueprints.** The sale of existing drawings and blueprints in connection with the sale of a business for which a seller's permit is held is subject to tax. If the agreement provides that the drawings and blueprints will be sold for 130% of reproduction cost, tax applies to the amounts as agreed to by the parties. 10/19/90.

[540.0360](#) **Stamps,** sales of by persons other than the United States Government, to collectors or others, not for use as postage or for resale, are subject to tax. 9/19/50.

[540.0380](#) **Trading Stamps.** Since trading stamps are considered intangible property, the transactions of a trading stamp exchange which for a small fee exchanges one kind of stamps for another kind are not subject to tax. 6/15/60.