

# UNIVERSITY OF CALIFORNIA

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## CONTROLLERS

Subject: Revised University of California Sales and Use Tax Manual

The University of California Sales and Use Tax Manual, originally published in August, 1966, has been revised by R.K. Taylor and Associates to reflect a number of significant changes to the sales and use tax rules. Changes in the following regulations have been included in the revised Manual:

- **Regulation 1503, Hospitals and other medical service facilities** - The regulation has been amended to clarify that the hospital is the consumer of tangible personal property furnished in connection with services and to eliminate the distinction between administered and non-administered medical supply items. Also, the definition of “meals” for purposes of the exemption for sale of meals to patients has been added. (Section 2-VIII(A), Medical Centers)
- **Regulation 1507, Technology transfer agreements** - This regulation was added in 2002. (Section 2-XII, Technology Licensing)
- **Regulation 1574, Vending machine operators** - Vending machine sales are now presumed to be made on a tax-included basis. (Section 2-VI(E), Food Services/Student Cafeteria)
- **Regulation 1540, Advertising agencies and commercial artists** - Significant changes were made to this regulation. These changes are reflected in the following sections:
  - Reprographics: Sales of Artwork (Section 2-X(C), Reprographics)
  - Advertising (Section 3-IV(C), Taxability by Product Description)
  - Art Work (Section 3-IV(Q), Taxability by Product Description)
  - Graphic designs (Section 3-IV(UU), Taxability by Product Description)
- **Regulation 1541, Printing and related arts** - Significant changes were made to this regulation, particularly as it relates to special printing aids. (Section 2-X(B), Reprographics: Sales of Printed Matter)
- **Regulation 1585, Cellular telephones, pagers, and other wireless telecommunication devices** - This regulation was added in 1999. (Section 2-III(H), Bookstore)

- **Regulations 1591, 1591.1, 1591.2, 1591.4, Medicines and medical devices** - Amendments to these sections were made to provide additional definitions and detail. (Section 2-VIII(B), (C), Medical Centers)
- **Regulation 1603, Taxable sales of food products** - Several provisions were added relating to catering services. Regulation 1603 was also amended to add a detailed discussion of complimentary meals (distinguished from “free” meals). (Section 2-VI(H), Food Services/Student Cafeteria, and 4-V(I), Campus Specific Issues – Hotels, Boarding Houses and Similar Establishments)
- **Regulation 1502, Computers, Programs, and Data Processing** - was amended effective January 1, 2003 to change the manner in which tax was applied to lump-sum charges for optional software maintenance agreements. (Section III(H), Bookstore)
- **Section 4,-IV, Diesel Fuel Taxes**, includes a link to the Certificate of Farming Use, a form that can be used to claim the diesel fuel tax exemption, on the Board of Equalization web site.

In addition, numerous Revenue and Taxation code sections and regulations that have been issued since 1996 have been included in the Manual. The revised Sales and Use Tax Manual may be found on the Payroll Coordination and Tax Services web site at <http://www.ucop.edu/ucophome/policies/sutm/welcome.html>.

If you have any questions, please call me at (510) 987-0905.



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