



COMMONWEALTH of VIRGINIA ^{Sales & Use} Mailing Lists

Department of Taxation
Richmond, Virginia 23282

MEMORANDUM

TO: William J. West, Supervisor
Technical Services Section

DATE: November 25, 1985

RE: "Customized" Mailing Lists

This will reply to your memorandum of October 3, 1985, in which you submitted examples of various mailing list transactions and asked for the application of the sales and use tax to each.

The first type of transaction presented involved modifications made to a mailing list by the list's owner, including modifications made for recency and frequency of responses, dollar amounts of contributions, and geographic location. Such modifications create a customized mailing list exempt from the tax under Section 58.1-608.2 of the Code of Virginia.

The second type of transaction involved the modification of a rented mailing list by a mailing list broker in order to meet customer specifications, including the elimination of duplicate names from the broker's own list and other lists and the editing of tapes to eliminate names of persons not wanting solicitations or to assure that modifications requested of the list owner were actually performed. When a list broker makes these modifications to a list customized by its owner, the resale to the broker's client is exempt. However, when these modifications are performed with respect to a "canned" mailing list, the resale is taxable. In such instances, neither the seller or broker has substantially changed the original list; thus, there is no specificity in the labor of the list's lessor directed to the lessee so as to trigger the personal service exemption.

The last transaction is in effect identical to the first except that two, rather than three, parties are involved. Thus, the modifications performed by the list owner/broker render the mailing lists exempt.

I hope that this will clear up some of the confusion on the issue of mailing lists. If not or if you have further questions, please feel free to contact us.

A handwritten signature in cursive script, appearing to read "Danny M. Payne".

Danny M. Payne, Director
Tax Policy Division

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