

Common Sales & Use Tax Exemptions

To confirm or determine if an exemption applies, please contact Tax Reporting and Compliance. A full list of Sales and Use tax Exemptions and Exclusions is provided in [CDTFA Publication 61](#).

No.	Item or Service	Description
1	Artwork	Original works of art purchased for display in museums and public places.
2	Animal feed for food/resale animals	<ul style="list-style-type: none"> Food and food additives for food and resale animals.
3	Equipment Maintenance Agreements	Optional maintenance agreements are not taxable.
4	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 title is required. Sales to the federal government – Payment must be made directly to the vendor by the U.S. government.
5	Food products	<ul style="list-style-type: none"> Grocery items, cold food products sold on a to-go basis, student meals.
6	Freight¹	<p>Goods delivered by common carrier, contract carrier or U.S. mail.</p> <ul style="list-style-type: none"> Shipping charges should be separately stated from handling charges which are taxable. See CDTFA Publication 100, Shipping & Delivery Charges for chart.
7	Human Blood Products	Human plasmid, blood products or blood derivatives are exempt from sales tax.
8	Intangible property	Intangible property (patents, licenses, copyrights, etc.).
9	Labor; installation and repair	<p>Installation labor is exempt from sales tax.</p> <p>Repair labor is not taxable if it is separately stated on the vendor invoice².</p>
10	Prescription Medicines	Sales of medicines are exempt from sales and use taxes if prescribed for treatment of human beings and dispensed by a registered pharmacist. Chapter 4 of Sales and Use Tax Law provides additional specificity.
11	Printed sales messages	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.
12	Purchased for resale	Item purchased for resale. Resale Certificate must be issued to vendor by Tax Reporting and Compliance.
13	Subscriptions	Distributed by common carrier and issued at least 4 but not more than 60 times per year.

¹ Handling charges are taxable. When shipping and handling are consolidated into a single amount, the full amount is taxable.

² Fabrication and assembly labor is taxable.

14	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.
15	State government (non-California)	Sales to or purchases from non-California state government agencies.
16	Services	Services for which no tangible personal property is received.
17	Software – canned	Electronically delivered – No tangible media such as a CD or DVD received. <ul style="list-style-type: none"> Vendor's invoice should state product is delivered electronically.
18	Software – custom	Custom software prepared to special order of the customer and related maintenance agreements, regardless of the method of delivery.
19	Software – optional maintenance agreements Tangible personal property received.	Maintenance relates to purchase of prewritten or canned software and is optional. <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 is exempt, 50% taxable.
20	Software – optional maintenance agreements No tangible personal property received	Maintenance relates to purchase of prewritten or canned software and is optional. <ul style="list-style-type: none"> Lump sum charge for “optional” software maintenance is separately stated on invoice. All maintenance received electronically during the term of the agreement, no tangible media such as CDs received. 100% of the lump sum is exempt.
21	Software-related consulting services – optional & separately stated on invoice	Purchased in connection with custom or prewritten software.
22	Use outside of California	Item will be shipped by vendor to point outside California for use exclusively outside of California.

Contact Information

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