

The Commonwealth of Massachusetts

Department of Revenue

Leverett Saltonstall Building,

100 Cambridge Street, Boston 02204



L. JOYCE HAMPERS
COMMISSIONER

May 16, 1980

(the "Company") is engaged in typesetting and the preparation of mechanicals. (A "mechanical" is a camera-ready pasteup that may include text, photos and other materials, all on one piece of artboard.) The mechanicals are (1) sold to printers for use in preparing work for their customers; (2) sold to others who themselves present them to printers; or (3) used by the Company in the preparation of catalogs, brochures and forms. The Company does no actual printing; the catalogs, brochures and forms are printed by others prior to sale by the Company.

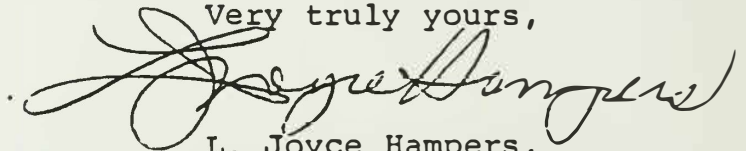
You inquire whether the Company must pay Massachusetts sales or use taxes on its purchase or use in Massachusetts of a phototypesetting machine used in making mechanicals.

Under Massachusetts General Laws, Chapter 64H, Section 6(s) and Chapter 64I, Section 7(b), machinery used directly and exclusively in an industrial plant in the actual manufacture, conversion or processing of tangible personal property to be sold is exempt from the sales and use taxes. Machinery is deemed to qualify for this exemption only where it is used solely during a manufacturing, conversion or processing operation to effect a direct and immediate

physical change upon tangible personal property to be sold, or used in certain other operations not here relevant. Machinery otherwise used is not exempt even if its operation, function or purpose is an integral or essential part of a continuous production flow or manufacturing process.

Based on the foregoing, it is ruled that the purchase or use in Massachusetts of the phototypesetting machine is subject to tax, since it is not used solely to effect a direct and immediate physical change upon tangible personal property to be sold.

Very truly yours,

A handwritten signature in cursive script, appearing to read "L. Joyce Hampers".

L. Joyce Hampers,
Commissioner of Revenue

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