

**California Sales Tax - Taxability Matrix**  
**Purchases of Computer Software and Related Items**  
**Effective for purchases on or after January 1, 2003**

| PREWRITTEN OR "CANNED" SOFTWARE PROGRAMS  |   | TAXABLE         | EXEMPT          |
|---|---|-----------------|-----------------|
| <b>Prewritten or "Canned" Software</b> —where the original software is received on tangible storage media such as cd's, tapes, etc.   | 1 | X               |                 |
| <b>Site License and Other End Users Fees</b>  |   | X               |                 |
| <b>License Fees or Royalty Payments</b> —for the right to reproduce or copy a program to which a federal copyright attaches in order for the program to be published and distributed for a consideration to third parties. <i>(This is not a common situation for UCLA)</i>   |   |                 | X               |
| <b>"Optional" Lump Sum (Bundled) Maintenance Contracts (tangible media received during term of maintenance contract)</b> —includes updates, corrections & or improvements provided on tangible storage media, as well as telephone or on-site consultation services purchased in connection with canned software                        |   | 50% of lump sum | 50% of lump sum |
| <b>"Optional" Lump Sum (Bundled) Maintenance Contracts ("no" tangible media received during term of maintenance agreement)</b> — includes updates, corrections & or improvements provided by remote telecommunications only, as well as telephone or on-site consultation services, purchased in connection with canned software        |   |                 | X               |
| <b>"Mandatory" Lump Sum Maintenance Contracts</b> —includes updates, corrections & or improvements provided on tangible storage media or by remote telecommunications, as well as telephone or on-site consultation services purchased in connection with canned software   |   | X               |                 |
| <b>Prewritten or "Canned" Software</b> —where "both" the original software "and" all future updates are transferred by remote telecommunications (e.g., electronic download) to a UCLA computer.  | 1 |                 | X               |
| <b>Site License and Other End Users Fees</b>  |   |                 | X               |
| <b>License Fees or Royalty Payments</b> - for the right to reproduce or copy a program to which a federal copyright attaches in order for the program to be published and distributed for a consideration to third parties. <i>(This is not a common situation for UCLA)</i>  |   |                 | X               |
| <b>"Optional" Lump Sum (Bundled) Maintenance Contracts (no tangible media received during term of maintenance agreement)</b> —includes updates, corrections & or improvements provided by remote telecommunications only, as well as telephone or on-site consultation services, purchased in connection with canned software           |   |                 | X               |
| <b>"Mandatory" Lump Sum (Bundled) Maintenance Contracts</b> —includes updates, corrections & or improvements provided by remote telecommunications, as well as telephone or on-site consultation services purchased in connection with canned software  |   |                 | X               |
| <b>"Optional" Consulting Services - must be separately stated</b> —e.g., consulting services, technical assistance, and training services, that are not required in connection with the sale of tangible personal property such as computer programs and or maintenance agreements involving updates provided on tangible storage media |   |                 | X               |
| CUSTOM SOFTWARE PROGRAMS  |   | TAXABLE         | EXEMPT          |
| <b>Custom Software Programs</b> —whether provided on tangible media or by remote telecommunications   | 2 |                 | X               |
| <b>Maintenance Agreements - Optional and Mandatory - Lump Sum or Separately Stated</b>  |   |                 | X               |
| <b>Consulting Services - Bundled or Separately Stated</b> —e.g., consulting services, technical assistance, and training services provided in connection with custom computer programs  |   |                 | X               |
| <b>Footnotes:</b>   |   |                 |                 |
| 1. Prewritten or "canned" software is software held for general or repeated sale or use such as Word, Excel, etc.   |   |                 |                 |
| 2. Custom software is software prepared to the special order of the customer  |   |                 |                 |