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STATE BOARD OF EQUALIZATION

August 3, 1954

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Gentlemen:

This will confirm our telephone conversation in reply to your letter of July 29, 1954.

Since Mr. Stetson is on vacation, I discussed your letter with Mr. Harry L. Say. It was his opinion that while the brief use of aircraft in this state for the purpose of indoctrinating your customer's personnel under the circumstances set forth in Mr. Stetson's letter to you dated June 26, 1954, may not exclude the transaction from the scope of Section 6366 of the Sales and Use Tax Law if otherwise applicable, the additional factors mentioned in your letter of July 29, 1954, may well result in a taxable transaction.

As you know, Section 6366 exempts from tax aircraft "sold to persons who are not residents of this State and who will not use such aircraft in this state otherwise than in the removal of such aircraft from this State". The assignment of the aircraft to a holding company and the leasing of them back to your customers while the aircraft are in this State would appear to be a use "otherwise than in the removal" and hence would exclude the transaction from the exemption in Section 6366.

Very truly yours,

John H. Murray  
Associate Tax Counsel

JHM:tj  
cc: Los Angeles - Tax Administrator