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**STATE BOARD OF EQUALIZATION**

July 27, 1953

California Electric Service, Inc.  
168 First Street  
San Francisco 5, California

Your letter of April 20  
Account No.

Attention: Mr.

Gentlemen:

You suffered a fire at your Los Angeles plant and a large quantity of customer owned merchandise was destroyed. The merchandise was waiting for and in the course of repair by you.

You intend to purchase new merchandise to replace that which was lost. These replacements will be made without cost to your customers.

The sales tax applies "to retail sales. A retail sale is defined as a sale for any purpose other than resale. Since you will not resell the replacement merchandise, the sale of such merchandise to you is a retail sale and therefore is subject to the tax. If you purchase such merchandise ex tax under a resale certificate, you should report its cost on Line 2 of your own sales and use tax return.

Yours very truly,

Bill Holden  
Junior Counsel

BH: ja  
cc: San Francisco - Auditing