



STATE BOARD OF EQUALIZATION

July 26, 1965

Gentlemen:

Your letter of July 21 addressed to our Pasadena headquarters office has been referred to this office for reply.

Commencing August 1, 1965, lessor must pay tax on rental receipts unless the property is leased in substantially the same form in which it was acquired by the lessor, and the lessor has paid sales tax reimbursement to his vendor or has paid use tax measured by the purchase price of the property. If the property which is leased is not in substantially the same form as acquired or has been purchased without tax for resale, the lessor must report and pay tax on rental receipts. If the property leased is not in substantially the same form as acquired, but tax was paid upon the acquisition of the property, the lessor although he must pay the tax on his rental receipts may take a credit for the amount of the tax paid on the purchase of the materials.

Enclosed is a copy of a special report which has been issued to explain the changes in the law. Detailed regulations will be available shortly after August 1.

Very truly yours,

E. H. Stetson
Tax Counsel

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