



STATE BOARD OF EQUALIZATION

August 8, 1966

This is in reply to your letter of July 28, 1966 regarding the, taxability of a leasing agreement. We are unable to find the correspondence which you earlier sent us. Your letter states the following fact situation:

The agreement is between a corporation and an individual. The individual is 100 per cent owner of the corporation. The lease agreement is for trucks with bodies. The truck bodies have two to three times the life of the truck. Trucks and truck bodies are purchased separately because of the difference in life. The corporation will transfer truck bodies from old trucks to new trucks. The individual is the owner and leases to the corporation. All sales taxes of 4 per cent are paid at the time of purchase.

From this statement, we assume that the first truck is rented to the corporation with the body, and when it wears out, another chassis is rented to the corporation without a body. The corporation then detaches the body from the old chassis and attaches it to the new chassis. If this is substantially the circumstances I then we conclude that the individual lessor is leasing property in substantially the same form as he acquired it. We are also assuming that the attachment of a body to a truck is a relatively simple and easily performed task which does not require any significant fabrication labor on the part of the corporation.

If you have any further questions I please do not hesitate to write to us again.

Very truly yours,

Philip R. Dougherty
Associate Tax Counsel

PRD:dse

cc: Long Beach - Subdistrict Administrator