

M e m o r a n d u m**425.0100**

To: San Francisco – Aud.(LC/REP)

Date: May 11, 1964

From: Tax Counsel (PM)

Subject: “M”, “C”

In memorandum dated April 2 you ask whether tax applies to the sale or use of medicines under the following circumstances:

"M" and "O" operate the "L", "M", and "X" in foreign commerce. The vessels carry approximately 360 to 700 passengers and a crew of approximately 270. Under federal law, the vessels must have a licensed physician and surgeon on each voyage. In addition, a hospital with beds, equipment and two registered nurses is maintained for the passengers and crew, where medicines are furnished without charge. There are no registered pharmacists on board.

It is our opinion that the described facilities qualify as "hospitals" under Section 6369, as amended September 20, 1963. Accordingly, the carriers are entitled to claim a tax exemption for any medicines which they use or dispense at their hospital facilities aboard ship.

PM:md [lb]