



STATE BOARD OF EQUALIZATION

July 13, 1964

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This is in reply to your letter of June 18 in which you inquire about the taxability of your sales of fresh liquid coffee to business and industrial firms who distribute the coffee free to their employees during established coffee break periods.

In this situation, the sale of fresh liquid coffee to an employer, not accompanied by your sale of other food products in such a way as to constitute the service of meals, is the sale of an exempt food product, and is not subject to the sales tax.

The sale of the paper cups to the employees is taxable and is not considered exempt as the sale of a container with nontaxable contents because you are not selling cups containing the coffee directly to the employees or to the employer.

We are enclosing copies of Rulings 49, 52, and 53 for your ready reference. If you have any further questions please do not hesitate in writing to us again.

Very truly yours,

E. H. Stetson
Tax Counsel

By Philip Dougherty

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