



**557.0460**

STATE OF CALIFORNIA

---

---

**STATE BOARD OF EQUALIZATION**

December 20, 1954

This is in answer to your letter of December 3 concerning price adjustments made by your vendors in order to meet competition.

If the vendor merely reduces or assumes the freight charges in order to equalize his price with his competitor, the measure of the tax would be unchanged. If, however, he separately states the actual freight paid or to be paid to the carrier, and shows the balance of the total charge as the sale price (which, in effect, is our understanding of what he does), the latter figure is the measure of the tax, even though it is less than it would be if the vendor did not have to meet his competitor's price.

It is, of course, understood that this measure of tax is correct only where the customer takes title to the property at the point from which shipment is made to him.

EHS:ph