



**STATE BOARD OF EQUALIZATION**

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*Controller, Sacramento*

August 23, 1993

BURTON W. OLIVER  
*Executive Director*

Mr. M--- M---  
I--- C---  
XXXX --- ---  
--- ---, CA XXXXX-XXXX

Dear Mr. M---:

Re: SY -- XX-XXXXXX

As Senior Tax Auditor William E. Hageman, Jr. noted in his March 18, 1993 letter to you, he sent a copy of the letter to the Board's legal staff for comments. We agree with the conclusions Mr. Hageman reached in his letter with the following notes.

If I--- C---, the parent corporation, purchases the machinery for resale, the sale by I--- C-- - to I--- I--- in this state is a retail sale subject to sales tax.

If I--- I--- purchases the machine outside California, it must not make any use of the machine in this state other than testing for defects before shipping the machine to [out of state]. Any use of the machine for production purposes is a taxable use of the machine in this state.

We hope this answers your questions; however, if you need further information, feel free to write again.

Very truly yours,

Ronald L. Dick  
Senior Staff Counsel

RLD:plh