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**STATE BOARD OF EQUALIZATION**

March 21, 1966

Attention:

Gentlemen:

This will acknowledge your letter of February 23, 1966, concerning inquiries you have received from overseas dealers and individuals regarding California sales tax on vehicles delivered to military and civilian personnel in this state.

When a dealer sells a vehicle and delivers it to a serviceman in this state, the sales tax applies regardless of the fact that the serviceman is "in transit," and secures a "One Continuous Trip Permit" from the Department of Motor Vehicles to move the vehicle to a point outside this state. The dealer making delivery in California is the part upon whom the tax is imposed whether he actually makes the sale to the serviceman or makes the delivery pursuant to a retail sale made by a dealer not engaged in business in this state, as provided by § 6007 of the Sales and Use Tax Law.

We are not aware of the source of the information which has been furnished you by various foreign dealers, and others, that cars may be delivered to servicemen in California without application of sales tax. There is possible some confusion as between the sales tax and vehicle license fees, or possible as between the sales tax and the use tax from which servicemen are exempt under certain conditions.

There is, however, pending before the State Legislature Assembly Bill No. 4 which would provide for a sales tax exemption on sales of automobiles sold to nonresident servicemen on active duty who will not use the cars in this state, except to remove them from the state. This bill, however, even if enacted into law would not apply retroactively to exempt sales made before the law proposed by the bill became operative. For your information, a copy of the complete bill is enclosed.

Very truly yours,

E. H. Stetson  
Tax Counsel

EHS:fb  
Enclosure

cc: San Francisco – District Administrator