



STATE BOARD OF EQUALIZATION

June 13, 1950

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Gentlemen:

This is in reply to your letter of May 25 with respect to the application of the State sales tax to your sales of pets.

You are advised that the State sales tax will apply to your retail sale of pets, measured by your gross receipts from such sales. "Gross receipts" are defined in the Sales and Use Tax Law, in part, to mean the total amount of the sales price of the retail sale of retailers, without deduction on account of the cost of the property sold, the cost of materials used, labor or service cost, losses, or any other expense. Accordingly, you may not take a deduction in your sales and use tax return for the cost or expense of keeping a pet until it is sold.

As indicated by Sales and Use Tax Ruling 39, copy enclosed, persons having possession of tangible personal property for the purpose of sale, are regarded as the retailers of the property to consumers, and tax applies to the receipts from such sales. Therefore, you are required to report and pay the tax with respect to your sales of pets which are consigned to you for sale by their owners.

If you have been paying the tax measured by the amount of your commission on consignment sales, it would appear that you have erroneously computed the tax. We suggest that you consult a member of the staff of our district office, 215 Central Building, San Bernardino, California, as to recomputation of the tax.

Very truly yours,

R. H. Hamlin  
Associate Tax Counsel

RGH:HB

cc: W. C. Shay