



STATE BOARD OF EQUALIZATION

February 18, 1955

M--- & R---
XXXX --- Street
--- ---, California

Attention: Mr. L--- M---

Gentlemen:

M. L. M--- of A--- C---, XX --- Street, --- ---, has requested us to inform you as to the application of the California retail sales tax with respect to sales to you of a product known as Neutrigan, used in the tanning of leather.

Chemical analysis of this product shows that less than twenty per cent could form chrome complexes or in any other way become a part of the finished leather. Accordingly, the sale of Neutrigan to you is a retail sale under the Sales and Use Tax Law, Section 6007 of which defines a retail sale as "a sale for any purpose other than resale in the regular course of business in the form of tangible personal property". It appears that Neutrigan is purchased for a purpose other than resale and the receipts from its sale to you are, accordingly, required to be included in the measure of the sales tax liability of your vendor.

We are enclosing a copy of Sales and Use Tax Ruling 14, Property Used in Manufacturing, and also call your attention to the decision of the California District Court of Appeal in American Distilling Company v. State Board of Equalization, 55 Cal. App. 2d 799. In this decision the Court held that sales of chemicals for use in the making of commercial alcohol are retail sales where only a small and uncertain proportion of the chemicals remain in the alcohol.

Very truly yours,

E. H. Stetson
Tax Counsel

EHS:ph

cc: --- --- – Tax Administrator

cc: Mr. M. L. M---