

M e m o r a n d u m**295.0600**

To: Los Angeles – Dist.Prin.Aud. (JTQ)

Date: May 16, 1968

From: Tax Counsel (TPP:BEB)

This is in reply to your memo of May 2 regarding the condemnation sale of business equipment.

We understand an urban renewal project condemned a business location placing of value of \$4,655 on the business equipment. Pursuant to instructions from the project, the taxpayer sold the equipment at the best available price, receiving \$1,240. The project then reimbursed the taxpayer an additional \$3,000 making the total received for the equipment \$4,240.

Your question is what amount should be included in the measure of tax.

Section 6011 defines sales price to mean the total price for which tangible personal property is sold, and Section 6012 defines gross receipts as the total amount of the sale with the total amount to include all receipts, cash, credits and property of any kind. It is our opinion that this means that the total receipts for a sale is not limited to the consideration received from a single source. Thus, the proper measure for the sale of the equipment is \$4,240.

BEB:smk [lb]