



STATE BOARD OF EQUALIZATION

November 14, 1950

Dear Miss S---:

This is in answer to your letter of October 12 with respect to the reporting of sales of merchandise during the period between December 1 and December 24 upon which a discount is allowed under your Christmas Club Plan.

As we understand the Christmas Club Plan, you will allow a discount upon the purchase of merchandise between December 1 and December 24 in the amount of 2-1/2% of the aggregate sales slips presented by a customer representing purchases between January 1 and November 30 of the current year.

It is our opinion that the discount which you will give is analogous to a trade discount to a selected group or class of customers. We suggest that the amount of the discount allowed under this plan be entered at Line 11 of your sales and use tax return with an appropriate notation. It would also be advisable to attach an explanation of the deduction to your sales and use tax return with a reference to our correspondence on the subject.

Very truly yours,

R. G. Hamlin
Associate Tax Counsel

RGH:HB

cc: W. R. T---