



STATE BOARD OF EQUALIZATION

March 12, 1952

Dear Mr.

This is in answer to your letter of January 21 in which you ask for information on the best way to compute sales tax and keep records in the case of a "swap" shop.

The retailer's gross receipts from his exchange would be the fair market value of the property received by him. If the parties fix a value in the course of their bargaining, then such price will be deemed the sales price for sales tax purposes, except that we would not accept any figure which was not arrived at in good faith but rather for the purpose of evading sales tax. If the parties mention no cash value in the course of their bargaining, then the retailer must make the best estimate possible of the fair market value of the property received.

Our auditors would want the records to show the description, age, and condition of property received in exchange. They would also desire to know the price, if such there be, at which similar articles are sold by the retailer for cash.

We realize that this is a difficult problem. We see no simple solution to it. However, some value must be assigned to each sale.

Very truly yours,

E. H. Stetson
Tax Counsel

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