

M e m o r a n d u m**295.1243**

To: Mr. D. F. Brady
Principal Tax Auditor

August 30, 1982

From: Mary C. Armstrong
Legal

Subject: Dealer's Record of Sale of Revolver or Pistol

This is in response to your memorandum of August 4, 1982 to Mr. Gary Jugum regarding the imposition, by the Department of Justice, of a new fee for processing Dealer's Record of Sale of Revolver or Pistol (DROS) forms.

Effective July 1, 1982 a \$2.25 fee* must be submitted by licensed firearm dealers for each DROS form transmitted to the Department of Justice in accordance with section 12076 of the Penal Code. You wish to know whether or not these fees are includible in the taxable gross receipts of licensed firearm dealers.

We have reviewed section 12076 of the Penal Code, as well as the letter dated July 1, 1982 from the Department of Justice to all Licensed Firearm Dealers. The fee imposed by the Department of Justice, in this instance, is directly on the dealer of firearms. There is no requirement in section 12076 that the dealers charge the gun purchaser for transmitting the DROS form, but a dealer may choose to charge his customer. We are of the opinion that if the \$2.25 fee is passed on to the customer, it is properly includible in the gun dealers' taxable gross receipts.

If you have further questions concerning this matter, we will be happy to discuss them with you.

MCA:ba

cc: Compliance Planning Unit
Mr. G. J. Jugum
Mr. D. J. Hennessy

* On & after 1/1/99, this fee is imposed on purchaser, not retailer who passes it on, & thus isn't part of retailer's taxable gross receipts.

DHL 6/4/99