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**STATE BOARD OF EQUALIZATION**

March 26, 1953

Attention:

Gentlemen:

This is in answer to your letter of March 23 addressed to the attention of Mr. W. T. Danny, Assistant Sales Tax Administrator. You stated that sometimes it is necessary in securing special parts for your customers to make telephone calls to the supplier and to pay the transportation charge for shipping these parts to you.

The sales tax is applicable to a retailer's "gross receipts". Section 6012 of the Sales and Use Tax Law defines "gross receipts" to be the total amount of the sale price without any deduction on account of "(b) the cost of the materials used, labor or service cost, interest paid, losses, or any other expenses. (c) the cost of transportation of the property prior to its sale to the purchaser". The section also provides that the total amount of the sale".

We believe that the telephone calls necessary to obtain special parts are clearly an expense of the seller and a service that is a part of the sale within the meaning of Section 6012. Similarly, the transportation cost cannot be deducted since it occurs prior to the "sale" which, under Section 6006, means passage of title to the customer (or possession in the case of a conditional sale contract). Accordingly, it appears that our auditor correctly included these charges in the furnish to the County of Kings if you wish.

Very truly yours,

E. H. Stetson  
Tax Counsel

EHS:ph  
Cc: Fresno