



---

**STATE BOARD OF EQUALIZATION**

June 3, 1957

C--- --- I---  
XXX --- Street  
--- XX, California

Attention: Mr. I--- M. J---

--- - XXXXXX

Dear Mr. J---:

In your letter of May 13, you state that one of your clients, S--- R---, has objected to your billing for the State and local sales tax upon the basis that you ship the merchandise to them at Chicago. You enclose a copy of your customer's letter setting forth his contention. You point out that although it is true you ship the film to Chicago, the prints were first delivered to the buyer in Hollywood for positive editing and were later returned to you for shipping. You state that the prints referred to in the third paragraph of your customer's letter were delivered by you to their H--- E--- in Hollywood and evidently were shipped by them as they were not returned to you for shipping.

Although we have held that such items as prints may be delivered to a purchaser's representative in this State for inspection and returned to the vendor for out-of-state shipment without preventing the seller from validly claiming exemption as an interstate sale, we believe that where the purchaser makes a use of the property such as positive editing the delivery in this State to the purchaser for such purpose prevents the seller from subsequently claiming the interstate exemption.

We are not sure just what the positive editing involves and we shall be glad to give further consideration to the question if more information is provided us concerning the details of the transaction. We suggest that you contact our Los Angeles district office and discuss the matter with our representatives there so that a complete report could be made to this office by our representatives.

With respect to the prints referred to in the third paragraph of your customer's letter, it is clear that there is no basis for exemption if your customer rather than you actually shipped the merchandise to the out-of-state point.

Very truly yours,

E. H. Stetson  
Tax Counsel

EHS:ds

cc: Los Angeles – Compliance