Memorandum

To:                      Date: August 17, 1950
From: E. H. Stetson
Subject:

When Mr. --- was here yesterday, primarily in connection with another matter, he
mentioned that he had discussed with you the question of the proper time for reporting sales tax
by printers who sell printing to --- Company in large quantities pursuant to purchase orders
which specify that shipping instructions will be given at a later date.

The printer holds the material until receipt of shipping instructions and then ships the
material, some of which goes to points outside the State. It appears that some of the printers have
been told that they should return the tax as of the quarter in which the job is completed or billing
rendered, and take a deduction subsequently as to that material shipped outside the State.

Mr. --- indicated that the Company preferred a procedure by which the printers would not
bill the Company for any tax reimbursement except as to that property shipped to points in this
State, stating that it is the position of --- Company that there is no passage of title of the
merchandise until shipment is made. If this is the case, which appears reasonable, the printers
would not be obligated to return any tax until the period in which shipment is made, and the tax
would apply only to the sales of that property shipped to points in the State. Mr. --- stated that in
his discussion with you you did not indicate that any serious accounting difficulties would result
if this procedure were followed, and I see no objection to it as long as the purchase order
specifies that shipment is to be made in accordance with instructions to follow, and that shipment
is so made. As to goods so shipped to a point outside this State, it is our opinion that the sales tax
is not applicable.

EHS : ph

cc: