



STATE BOARD OF EQUALIZATION

February 10, 1953

Gentlemen:

As you indicate in your letter of January 30, it is true that the California retail sales tax applies with respect to retail sales to foreign governments, there being no exemption in the statute of such sales. The Sales and Use Tax Law, Section 6381, specifically exempts sales to the United States and certain of its agencies and instrumentalities.

Thus, the tax applies to sales of bunker fuel to the Mexican Government, unless there is an exemption for some reason other than the status of the purchaser as a foreign government.

Under certain conditions sales of bunker fuel to be transported outside this country are considered exempt as export sales. (See *Richfield Oil Company v. State Board of Equalization*, 329 U.S. 69, holding inapplicable the tax upon sales of fuel oil to the New Zealand Navy delivered into the hold of New Zealand naval tankers in this State.) It is necessary, however, for the fuel with respect to which exemption is claimed to be unloaded or discharged from the vessel at the foreign destination. Thus, the exemption does not, in our opinion, apply with respect to fuel sold in this State to Mexican naval vessels for refueling purposes to be consumed in this State or on the high seas, which fuel is not unloaded or discharged at any foreign port.

Very truly yours

E. H. Stetson
Tax Counsel

EHS:ph

cc: Los Angeles - Tax Administrator