

**M e m o r a n d u m****395.1960**

To: MR. W. C. Shay (HHW)

Sacramento  
May 25, 1951

From: R. G. Hamlin

Subject: Application of Ruling 81

In a memorandum written by Auditor V. G. Robinson, dated May 1, 1950, attached to your memorandum to this office of May 2, he asked about the application of the tax to transfers of equipment to a partnership by the partners upon the formation of the partnership.

We believe that the application of the tax to the formation of a partnership is governed by Sales Tax General Bulletin 48-8, dated March 23, 1948. As therein indicated, there is no sales tax liability upon the transfer of the property to a joint venture or partnership by way of contribution to the capital of the venture or partnership. The tax does apply, however, to a sale of property to the partnership by a partner for cash or other consideration not representing an interest in the business, unless the transferer is not himself a "seller".

R. G. Hamlin  
Tax Counsel

RGH:as