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**STATE BOARD OF EQUALIZATION**

October 30, 1950

Gentlemen:

This is in answer to your letter of September 6 in which you request clarification of the bulletin of the Sales Tax Administrator issued July 10, 1950, regarding Rulings 14 and 24.

The application of the tax to your charges for negatives and plates sold to printers depends upon whether the printer uses the negatives and plates in his business prior to transferring title thereto to his customer or after he transfers title to his customer. If he uses them before transferring title, your sale to the printer is a taxable retail sale. If the printer transfers title to the negatives and plates to his customer and thereafter uses them in his printing operations, your sale to the printer is a sale for resale and not taxable.

In view of the information furnished to you by X----- of the X-----, Los Angeles, it may be that it is a practice or custom in the trade that the printers do not transfer title to their customers to the property purchased from you, at least until after that property has been used by the printers. If this is the case, the advice given you by that the tax applies to your charges was correct.

We have been furnished with a copy of a bulletin issued by the X----- which reads in part, "A lithographer who purchases lithographic plates is required to pay sales tax thereon. In one instance, however, if plates are resold before any use is made thereof, lithographer is permitted Tax Paid Purchase Resold Deduction, Ruling 71." The practice referred to of purchasing the merchandise tax paid and taking a tax paid purchase resold deduction pursuant to Ruling 71 is recommended by us in any case in which the vendor is doubtful as to whether the vendee will resell the property before using it or after using it. By this practice the vendor returns the tax to the State, reimburses himself from the customer (printer) which customer, if he believes he resells the materials before using it, may obtain a credit for the amount of tax reimbursement paid to his vendor by deducting the purchase price of such merchandise on his own sales tax return. We, accordingly, recommend this procedure to you, particularly in view of the statements made by the X-----.

Very truly yours,

E. H. Stetson  
Tax Counsel

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