

Memorandum

440.0140

To: Los Angeles District  
District Principal Auditor (JTQ)

Date: November 15, 1966

From: Tax Counsel (GAT) - Headquarters

Subject: M---  
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Your memo of November 2, 1966, addressed to H. A. Dickson, Principal Auditor, has been referred to the legal staff for reply.

It is our understanding that both Methyl Ethyl and Methyl Isobutyl ketones are flammable liquid compounds commonly used in manufacturing as solvents. It is further our understanding that Trichlorethane (C<sub>2</sub>H<sub>3</sub>Cl<sub>3</sub>) is a designation of either of two non-flammable liquid isomeric compounds, CH<sub>3</sub>CCL<sub>3</sub>, a parent compound of certain insecticides, and CH<sub>2</sub>CLCHCl<sub>2</sub>, used chiefly as a solvent.

The explanation of the functions and uses of these compounds in the taxpayer's manufacturing operations indicates that they are used as solvents, the first two for applying the oxide coating to magnetic tape, and the third for thinning the lubricant which is applied to the oxide coating. It is, therefore, our opinion that Methyl Ethyl and Methyl Isobutyl ketones and Trichlorethane, used in manufacturing magnetic tape, are purchased for use as manufacturing aids.

GAT:kc

cc: --- --- - Subdistrict Administrator