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**STATE BOARD OF EQUALIZATION**

December 29, 1964

A--- R--- and B--- Services  
XXXX --- Boulevard  
--- ---, California

Attention: Mr. L--- L. S---

Gentlemen:

This is in reply to your letter of December 1, in which you request our opinion about the tax saving advice promulgated by the E--- E--- Incorporated.

Since the article you enclosed appears to be directed to a savings on an individual's or businesses' income tax, we are directing a copy of your letter to the Franchise Tax Board, the agency which administers California's income tax laws.

The Board of Equalization administers the sales tax, and we will attempt to comment generally on that aspect of the situation.

A transfer of title or possession by exchange or barter is a sale as that term is used in the Sales and Use Tax Law. The value of the goods or services received in exchange for the transfer of tangible personal property is included in the gross receipts of the transferor and is taxable under the applicable rules of the Sales and Use Tax Law.

Your comment on the article discusses the situation of a shoemaker who withdraws shoes from his business and trades the shoes for an item (value: \$100) which the shoemaker will use personally, rather than in his business. Without exploring the situation precisely or in detail, we can say that the shoemaker has sold a pair of shoes and received merchandise worth a \$100. Therefore, the \$100 should be included in taxable gross receipts. For sales tax purposes, the essential point is that the shoemaker has sold a pair of shoes and received \$100 in value.

We do not have any printed material that is particularly applicable to the efforts of the E---  
E---. If you have any further questions, however, please do not hesitate to write to us again.

Very truly yours,

E. H. Stetson  
Tax Counsel

By \_\_\_\_\_  
Philip R. Dougherty

PRD:md

cc: Inglewood – Subdistrict Administrator  
West Los Angeles – Subdistrict Administrator