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**STATE BOARD OF EQUALIZATION**

June 8, 1956

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Attention: X-----  
Secretary – Treasurer

Gentlemen:

We believe that under the facts stated in your letter of April 28, you are making a sale of wood shavings to the dairies, stables, and other customers to whom you haul them even though you apparently regard your charge as simply a hauling charge.

As the shavings are apparently your property until they are delivered, the charge which you make, even though it is to reimburse you for the hauling expense, is subject to sales tax for the reason that the sales tax law defines gross receipts subject to tax as the total amount received from the customer without any deduction for delivery expense prior to passage of title. As the title to your shavings presumably passes upon delivery, the charge you make is, therefore, within the definition of gross receipts taxable under the California Sales and Use Tax Law.

If you were to be regarded as merely making a charge for hauling, you would then be subject to the three percent tax on gross receipts from hauling for hire which applies except with respect to hauls entirely within the limits of incorporated cities, or entirely on private property. The gross receipts tax on transportation does not, however, apply where sales tax is paid on the delivered price without a separate statement of transportation charges.

Very truly yours,

E. H. Stetson  
Tax Counsel

EHS:ds

cc: Pasadena – Compliance