



STATE BOARD OF EQUALIZATION

Sacramento, Calif.
May 6, 1960

In your letter of April 29 to Los Angeles - Auditing, you inquired whether sales by M Company, to the Veterans Administration Program are exempt sales to the United States.

It is our understanding that the Veterans Administration has entered into a contract with the C Association whereby the Association handles billings by member pharmacies for drugs and supplies furnished to authorized veterans. The Veterans Administration provides the funds which are ultimately paid over by the Association to the pharmacies.

It is our opinion that the furnishing of drugs and medical supplies to veterans under this program, with the Association handling the billings of the individual pharmacies and the Veterans Administration supplying the funds therefor, are sales to the United States and exempt from sales tax.

We do not believe that this result is inconsistent with the statements appearing on page 3570 of the Annotations. This is because it is our understanding that, under the contracts, the supplies are in fact purchased and paid for by the Veterans Administration and the Veterans Administration is not merely furnishing funds to veterans with which to make purchases of drugs and supplies from pharmacies.

George A. Trigueros

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