



STATE BOARD OF EQUALIZATION

February 20, 1951

REDACTED TEXT

Dear Mr. REDACTED TEXT:

This is in answer to your letter of January 29 with respect to the application of the State sales tax to school supplies which you furnish to student-veterans and which are ultimately paid for by the Veterans Administration.

Where the supplies are in fact purchased and paid for by the Veterans Administration, the sale thereof is exempt from sales tax as a sale to the United States. The seller should, of course, retain copies of purchase orders, invoices, and other pertinent documents in order to sustain the exempt character of the transactions.

If you sell supplies to the school, which it in turn resells to the Veterans Administration, your sale will, of course, be exempt as a sale for resale. In this event, you should obtain resale certificates from the school. The school in turn should obtain documentary evidence of its sale to the United States, as outlined above.

It should be emphasized that there must be an actual sale to the Veterans Administration for sales tax exemption. Thus, if supplies are furnished to the student-veteran and the Veterans Administration merely reimburses the student or school for the cost of such supplies, we would not regard the transaction as exempt. Where, as here, you invoice the student for the supplies, we, therefore, regard the sale as subject to the tax.

In the final analysis, to determine the exempt status of a particular transaction, it will be necessary for us to review the contract with the Veterans Administration pursuant to which the supplies are furnished. If you desire to furnish us with a copy of such a contract, together with a reference to the law or regulation which governs the transactions, we shall be pleased to advise you specifically as to the application of the tax.

Very truly yours,

R. G. HAMLIN
Associate Tax Counsel

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