



STATE BOARD OF EQUALIZATION

April 5, 1960

P--- Corporation
W--- D--- L---
XXXX --- Way
--- ---, California

OS-X-XXXXX

Attention: Mr. B--- M---
Plant Facilities

Gentlemen:

As we understand the facts stated in your letter of March 22, 1960, mobile coffee and pastry service is now provided throughout your plant during the coffee break. Such items are not served in the cafeteria during this period but are actually consumed at the desks and workbenches where the purchasers engage in their ordinary employment activities.

If our understanding of the facts is correct, the sales of such items as coffee and pastry would not be subject to the sales tax unless they are provided with cups, dishes, trays, or tableware of a returnable nature. In other words, if the coffee and pastry are supplied only in nonreturnable paper cups and paper plates, and not consumed in a dining area, the sales would constitute exempt sales of food products.

However, in the event that any items are served which are not food products as defined in Sections A and B of Sales and Use Tax Ruling 52, copy enclosed, sales tax would apply to gross receipts derived from their sales irrespective of the manner of serving them.

Very truly yours,

Warren W. Mangels
Associate Tax Counsel

WWM:fb

Enclosure

Cc: San Jose - Administrator