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STATE OF CALIFORNIA

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STATE BOARD OF EQUALIZATION

January 17, 1950

Gentlemen:

This is in answer to your letter of January 11 with respect to the application of State sales tax to transportation charges in connection with your purchase of steel bars and wire from the REDACTED TEXT shipment to be made from REDACTED TEXT FOB specified points of delivery.

You are advised that the tax applies to transportation charges unless all of the requirements of Sales and Use Tax Ruling 58, referred to in your letter, are complied with. Accordingly, even though the transportation charges are separately stated, a deduction may not be taken for such charges if the transportation occurred prior to the "sale or purchase" of the property. For purposes of the tax, the "sale or purchase" occurs upon the transfer of title in the property to the purchaser.

While we cannot advise you conclusively in this matter without having before us a copy of your contract with the vendor, and of all other pertinent documents, the information in your letter indicates that with respect to property delivered by the vendor, the "sale" occurred at the delivery point. Accordingly, we regard the tax as applicable to the transportation charges even though such charges are separately stated.

The measure of the sales tax is the gross receipts of the retailer, defined in part as the total sales price of the retail sales of retailers. Sales price is defined in part as the total amount for which tangible personal property is sold.

As your vendor, before the sale, agreed to reduce the price of items which you picked up in your own truck at the shipping point, in an amount equivalent to the transportation charges it would have incurred in making delivery pursuant to the terms of the original contract of sale, the sales price is the reduced price for which the property was sold. Accordingly, your vendor is not required to include any greater amount in its taxable gross receipts, with respect to such items.

Very truly yours,

R. G. Hamlin  
Associate Tax Counsel

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