

**M e m o r a n d u m****570.0070**

To: Out-of-State District (DMA)

Date: September 13, 1972

From: Headquarters – Tax Counsel (GLR)

Subject: P--- P--- Company  
---, Oklahoma

SZ OH XX XXXXXX

In your memo of September 8, 1972 you ask our opinion as to whether use tax would apply to credit cards purchased ex tax out of state by P--- and other major --- companies and mailed from out-of-state points to California users who use the cards here.

You point out that where the --- company retains title to the credit cards by a specific statement on the back of the card, annotation 570.0080 supports the conclusion that use tax is due. We agree.

However, you have some reservation about extending this annotation to the case of P---, S---, and T--- where they do not make a specific statement regarding their retention of title to the cards but instead make a conditional transfer of the card reserving the right to demand its return upon the happening of a certain event. The respective companies provide:

“P--- reserves the right to withdraw this credit privilege at any time and the card shall be surrendered upon demand.”

“S--- O--- Company may revoke this card at any time without notice and customer agrees to surrender this card on demand.”

“T--- reserves the right to cancel or modify this authorization of credit at any time and to demand surrender of this card.”

As you are no doubt aware, a similar problem arose with A--- C--- Company concerning their conditional transfers of displays. In a memo of February 9, 1972, copy attached, we concluded that under these circumstances [A---] C--- retained sufficient control over the displays to be considered the consumers of the displays in California.

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We feel that the same conclusions are equally applicable here.

GLR:lb  
Attachment

cc: Mr. T. P. Putnam  
Mr. Donald J. Hennessy