



STATE BOARD OF EQUALIZATION

June 16, 1953

Dear Mr. _____,

Your telegram to Mr. _____, Sales Tax Administrator, was received here today while Mr. _____ is absent attending the conference of the National Association of Tax Administrators in Yellowstone National Park.

Inasmuch as the automobile sold by the Japanese dealer is to be delivered in this State by the Ford California plant it appears that, pursuant to the second paragraph of Section 6007 of the Revenue and Taxation Code, the Ford California plant is required to include the gross receipts from the retail sale of the automobile in the measure of its sales tax liability. The paragraph reads as follows:

"The delivery in this State of tangible personal property by an owner or former owner thereof or by a factor, if the delivery is to a consumer pursuant to a retail sale made by a retailer not engaged in business in this State, is a retail sale in this State by the person making the delivery. He shall include the retail selling price of the property in his gross receipts."

As the Ford California plant is an owner or former owner of the automobile and as it makes delivery in this State to a consumer pursuant to a retail sale made by a retailer not engaged in business in this State (the Japanese dealer) the transaction appears to fall clearly within the section and results in the incurring of sales tax liability by the Ford California plant. This plant may, of course, "pass on" or reimburse itself for the amount of the tax from the out-of-state dealer who would presumably reimburse itself from the consumer as a part of the selling price of the vehicle.

Sales to members of the armed forces are not treated any differently for purposes of the sales tax than sales to any other purchasers.

Very truly yours,

E. H. Stetson
Tax Counsel

cc: Chicago (FAL)