

July 31, 1950

Attention:

Gentlemen:

This is in answer to your letter of June 22, 1950, in which you state that the [redacted] presently being audited by our Staff, formed various foreign corporations in which it took a stock interest and contributed to the capital of these corporations certain machinery and equipment. If, as you state, the machinery and equipment was shipped by [redacted] to points outside this State, such shipment being, presumably, pursuant to the contract of sale, presuming there to be a sale, we see no reason why the sales may not be considered exempt from sales tax as sales in interstate commerce, provided the requirements of paragraph A, 1 (c) of Ruling 55 are present.

In any event, if the transfer of this equipment was made by [redacted] solely as a contribution to the capital of the commencing corporations formed by [redacted] and [redacted] received only stock in these foreign corporations, it is our opinion that the transfer is not a taxable sale within the meaning of the Sales and Use Tax Law.

ie, no assumption of indebtedness or any other consideration (1995(b)(4).)

Very truly yours,

B. H. Stetson
Tax Counsel

EHS:AMD

cc: