



STATE BOARD OF EQUALIZATION

January 28, 1964

This is with reference to your letter of January 8, 1964, which was addressed to the Department of Motor Vehicles. We note in the answer you received from DMV that we have been asked to write you regarding tax on sales of salvage vehicles.

Our answer will presume that the sales are at retail. In other words, the sales of salvaged vehicles by you are not made for resale purposes.

The law provides that when a motor vehicle is sold at retail by someone who is not a licensed dealer or wrecker, and the motor vehicle is to be registered in California, the seller does not collect tax, but the purchaser will be required to pay use tax when he makes application for registration of the vehicle. The law makes no express exemptions for vehicles that have been "totaled" or are considered "salvage." However, if you sell a vehicle that is "totaled" or is a "salvage" vehicle, the tax should be collected if the purchaser has no intentions of registering the vehicle. Your letter indicates that "salvage" vehicles sold by you are eventually registered. If so, the tax should not be collected by you since it will be collected in the usual manner when the purchaser applies for registration or transfer of registration of the vehicle.

I would imagine that each case would be different since some vehicles may be so badly damaged that they will never be registered again while others may be repaired and registered for operation on the highway.

Very truly yours,

Robert H. Anderson

RHA:md

(at/12/23/75)