



STATE BOARD OF EQUALIZATION

January 10, 1955

Mr. A. B--- F---
Attorney at Law
T---, M---, J--- & B---
XXX --- Street
--- --- X, California

SS – XX XXXXXX
B--- Corporation

Dear Mr. F---:

By letter dated October 7, 1954, you have requested a ruling on the applicability of the retail sales tax to various vendors' receipts from sales of materials to the Republic of Korea.

B--- Corp. has a contract for procurement of materials for construction work for the Government of Korea. By telephone, you have informed me that the actual construction contractor is P--- - B--- Corp., a corporation separate from B--- Corp.

Under the procurement contract, B--- issues purchase orders requiring the vendors to pack the commodities for export shipment. Shipping instructions require that all documents show the consignee as P--- B--- Corp. – Republic of Korea. The vendors are directed to request shipping instructions from B--- S--- Co., freight forwarders. This company designates the pier or piers to which delivery by the vendors is to be made. Under these instructions, delivery is made to a carrier or B--- S--- Co. as forwarding agent, and the vendor places designated export markings upon the packages. B--- [S--- Co.] issues shippers' export declarations and arranges for export ocean bills of lading to be issued by the ocean carrier.

It appears that the vendors, pursuant to the contract of sale, deliver the property previously prepared for export by the vendors to a carrier or forwarding agent for shipment to Korea. It appears from the facts that the vendors retain title to the goods until such delivery, marking the first step in exportation, is accomplished. We assume that the parties to the sales contracts do not intend that title passes at an earlier time. Under these conditions, it is our opinion that these transactions do not create liability for either sales tax or use tax.

Very truly yours,

E. H. Stetson
Tax Counsel

EHS:tj