

335.00/8.800

To : Mr. Glenn Bystrom
From : Gary Jugum
Subject : Non-Attorney Opinions

and May 20, 1996
8/30/82

I have reviewed D. F. Brady's memorandum of August 30, 1982 to Oakland - Auditing (RM).

We are in agreement with his conclusion, as follows:

Fair Rental Value. In general, the charge made to the customer is "fair rental value" for purposes of determining the measure of tax on lease of Mobile Transportation Equipment. Separately stated charges for delivery and telephone are not part of "fair rental value". 8/30/82

Gary Jugum

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Memorandum

To : Oakland - Auditing (RM)

Date : August 30, 1982

Regulation 1661

RECEIVED

SEP - 1 1982

R. L. Lively



From : Headquarters - Principal Tax Auditor

Subject:

This is in answer to your memorandum of June 2, 1982, to the legal section.

Your question is what is included in the "fair rental value" of mobile transportation equipment.

We believe the "fair rental value" is the charge made for the rental of the equipment. Separately stated delivery charges, overtime for delivery, telephone calls, etc., should not be included in "fair rental value" for reporting purposes.

The "fair rental value" is the amount of the charge for the rental on which the taxpayer elects to pay its use tax. The lease of mobile transportation equipment is not a continuing sale and, therefore, charges for delivery, telephone, etc., are not charges for services that are a part of the sale as set forth in Section 6011(b) (1).

Of course, if there are no charges made for delivery, etc., the measure of tax is the amount charged to the customer.

If you have further questions, please feel free to call or write.



DFB:j

- cc: Mr. J. D. Dotson
- Mr. R. Nunes
- Mr. D. J. Hennessy
- Mr. R. Lively
- District Principal Auditors
- Headquarters Audit Unit Supervisors

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