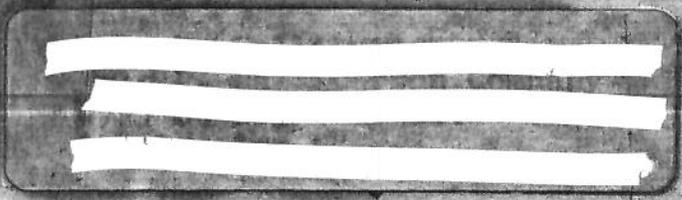


PLEASE RETURN TO
LEGAL FILES

Sacramento, California
March 25, 1954

Los Angeles - Auditing (LJR)
Headquarters - Legal Staff (JHM)

PLEASE RETURN TO
LEGAL FILES



Account No. _____

We have been requested by Unit 2 to inquire into the
problem of whether tax applies to the transfer of
_____ corporation.

AA 198274
ds + 10/5

From the facts stated in the audit report it appears
that Mr. _____ and his wife operated the business as
a partnership until her death December 8, 1951. Beginning
December 9, 1951, _____ operated the business for
himself and the estate of his wife under Permit AD-11953.
We note the application for permit indicates that
Mr. _____ was operating the business as an individual.
But nevertheless we assume in accordance with the audit
report that he was operating the business for himself and
his wife's estate.

Mrs. _____ left her 50% interest in the business
to her five children. In August 1953 a corporation was
formed with the sole stockholders being _____ on
50% and the five children 10% each. This would not consti-
tute any change in ownership under 6006.5(b).

HALL BURTON
INC
AD 18193
Prev #
as above
nothing
further

The audit report states:

"Transfer was made of major portion of assets
to corporation. Certain liabilities included
in exchange for stock 20,000 shares transferred
all of luggage plus _____ and
fixtures; retained property in Oklahoma."

We can not determine from that whether the transfer to the
corporation was all or substantially all of the assets held
or used in the activity for which the seller's permit is

BROUGHT TO MY ATTENTION DURING A DESTRUCTION
PERIOD — UNABLE TO FIND PREVIOUS OR SUBSEQUENT
CORRESPONDENCE —

395.1600

March 25, 1954

required. If substantially all those assets were transferred to the corporation, the transaction would be an occasional sale under Section 6006.5(b).

Will you please advise us as to whether the transfer was of substantially all of such assets.

J. H. Murray

JHM:hh