

PLEASE RETURN TO
LEGAL FILES

June 22, 1953

Account No. _____

Dear Mr. _____

A review of our files indicates that your client's petition for redetermination of sales tax of \$720.00 plus interest is still pending before this Board. Upon further review we find that we are unable to recommend any reduction in the liability.

As we understand the facts your client operated a business as a sole proprietor under the name of "_____" . On December 17, 1949, he entered into an agreement with _____ so sell to each of them a one-fifth interest in the business for \$6,200.00, payable partly in cash and partly in notes.

In January 1950 the agreement was carried out, at least to the extent of putting _____

in possession and control of the business along with your client. This act is regarded for sales tax purposes either as a transfer of title or as a transfer of possession with title retained as security for the payment of the price. Accordingly, there was a "sale" within the meaning of Section 6006 of the Revenue and Taxation Code.

In our view the fact that the parties modified their agreement on May 1, 1950, on September 12, 1950, and apparently also in March 1951 does not alter the taxability of the original transaction of January 1950.

We propose to recommend that the Board redetermine the tax without adjustment. Before scheduling the matter for final Board action, we shall give you an opportunity, if you so desire, for a discussion with a member of the legal staff. This can be arranged in Sacramento at any time or in the Bay area on the next visit by a Hearing Officer.

Yours very truly,

Bill Holden
Junior Counsel