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**STATE BOARD OF EQUALIZATION**

1020 N STREET, SACRAMENTO, CALIFORNIA  
(P.O. BOX 942879, SACRAMENTO, CALIFORNIA 94279-0001)  
(916) 445-6493

December 14, 1989

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Sales for resale and foreign exports

Dear ---:

In your September 29, 1989 letter to the Board, you write:

“One of our clients is purchasing agents for their affiliated company in the Far East. As such, they buy merchandise from various states in the United States for the sole purpose of exporting said goods to their affiliated company.

“Of course, our clients need to be exempt from having to pay any sales tax when purchasing the goods or charging sales tax when exporting the goods, since the goods are strictly for export and not intended for their own use.

“Please advise us whether our clients would be required to have a resale certificate (tax exemption) or any other kind of permit in order to be able to conduct the above business.

“Please provide us with a written response to the above inquiry and to the extent such certificate may be required, provide us with all information and applications.”

Opinion

Although you state that your client is a purchasing agent for its affiliated company, your letter also appears to indicate that your client is purchasing goods for its own account for resale to the affiliated company. If your client were, in fact, a purchasing agent for the affiliated company, your client would not need to hold a seller's permit, since it would not be making purchases and sales for its own account. Rather, the transactions to which sales or use tax could apply would be the transactions between the sellers and the affiliated company as the purchaser.

If your client purchases goods for its own account exclusively for foreign export to its affiliated company, then your client is not required to hold a seller's permit issued by the Board under the provisions of Sales and Use Tax Regulation 1699(b), since your client's sales are not sales made in this state, but rather are exclusively for foreign export. Your client should issue to its vendors a resale certificate in the form set out in subdivision (b) of Regulation 1668. Please note that under subdivision (b)(1)(C) of that Regulation, in lieu of a seller's permit number, your client may enter a notation on the resale certificate that it is not required to hold a seller's permit because all of its sales are for export.

Finally, your client should document that all of its sales are sales for export under the provisions of Regulation 1620(a)(3)(C). Your client should retain documentary evidence of its delivery of the property to the carrier, customs broker, or forwarding agent for export, as set out in subdivision (a)(3)(D) of Regulation 1620.

I enclose Regulations 1620, 1668, and 1699 for your information. Please note that we cannot advise you whether there are any other permits (besides a seller's permit) which your client may be required to obtain in order to conduct its business. Please feel free to contact me if you have any further questions or comments about this letter.

Sincerely,

John Abbott  
Senior Tax Counsel

JA:jb  
Enclosures