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June 5, 1981

DOUGLAS D. BELL
Executive Secretary

Mr. R. I. F---
Director – Tax Administration
M--- Corporation
--- ---, Missouri XXXXX

Dear Mr. F---:

This is in response to your letter of May 24, 1985 which requested confirmation of certain advice rendered to you orally by Assistant Chief Counsel Gary Jugum. You asked that he confirm his advice that the following described transaction qualifies for the aircraft exemption from California sales and use tax as provided in Revenue and Taxation Code Section 6366.1 and Regulation 1593(h).

“The transaction involves the finance purchase of a new aircraft from M--- Corporation (M), the aircraft manufacturer. M has entered into a sales agreement for the aircraft with the stock holding company of common carriers X & Y. The stock holding company has assigned its rights under the agreement to a leasing company, a subsidiary of M, which will purchase the aircraft from M and lease it to the stock holding company. The stock holding company will sublease the aircraft to common carrier X which will in turn sub-sublease the aircraft to common carrier Y. Common carrier Y will place the aircraft in commercial operation both within and without California.

This is to confirm the advice given you by Mr. Jugum that the foregoing transaction qualifies for the aircraft exemption.

Very truly yours,

E. Leslie Sorensen, Jr.
Tax Counsel

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