

Memorandum

440.2040

To: Mr. Burnett Sheehan (ESA:CHJ)

May 14, 1987

From: E. H. Stetson (NBH)

Subject: C--- Y--- Company

Account No. - - XXXXXX
- XXXXXX

This is in reply to your letter of May 13 concerning the application of tax to sales of molasses to the above taxpayer for use in the manufacture of yeast. As we understand the nature of the process of the growth and reproduction of yeast cells, the sugar in the molasses is the food on which the yeast cells live, grow and multiply. Everything which goes into a yeast cell comes from either the sugar or the water. Accordingly, it is our opinion that the molasses is purchased for the purpose of resale.

NBH:ja