



555.0040

STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

July 3, 1953

Gentlemen:

You inquire concerning a possible deduction for the cost of REDACTED TEXT Stamps given to customers.

Section 6012 of the Revenue and Taxation Code allows a deduction for cash discounts allowed and taken on taxable sales. Trading stamps are regarded as cash discounts and the retailer may take as a deduction the cost of trading stamps given to customers on taxable sales.

The amount of the deduction to which you are entitled is computed by applying to the cost of the stamps to you the ratio of taxable sales on which stamps are given to total sales on which stamps are given.

If you have failed to take this deduction in past returns, you may file a claim for refund. A claim for refund need be in no particular form but must be in writing and state the basis of the claim and should state the amount of the overpayments by quarter. If the claim for refund is filed on or before July 31, 1953, it will be valid as to all transactions on and after April 1, 1950.

Very truly yours,

Bill Holden
Junior Counsel

BH: ja

cc: San Jose-Auditing