

M e m o r a n d u m**700.0170**

To: Ms. Lori Senitte – Return Review

Date: January 9, 1990

From: John Abbott, Senior Tax Counsel

Subject: [L] S- -- XX-XXXXXX
Allocation of local taxes and collection of district use taxes

In response to your October 31, 1989 memorandum to Legal, I have attached a copy of my letter to Mr. [P] responding to his questions. In addition, your memo notes that [L] has allocated the local (Bradley-Burns) tax for the second quarter 1989 among the various counties, while you feel that the local tax should be allocated to Los Angeles, since all of the California sales orders are placed through [L]'s Los Angeles office, even though [L] ships its products from Virginia.

[L] is allocating local tax correctly. Even though there is local involvement in the sales by [L]'s Los Angeles office, where the shipments are made from an out-of-state location by common carrier, the applicable tax is the use tax, not the sales tax. (Reg. 1620(a)(2)). The Local Tax Unit requires SS account taxpayers who sell both at a California location and from an out-of-state location, to allocate their out-of-state sales to the county to which they ship the merchandise. (See Local Tax Unit Standard Alpha Letters L and I, attached).

JA:jb

Attachments