



STATE BOARD OF EQUALIZATION

July 13, 1959

REDACTED TEXT

Attorneys at Law
233 S. Beverly Dr.
Beverly Hills, California

RE: REDACTED TEXT
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Account REDACTED TEXT

Gentlemen:

We have reviewed the information presented in support of the petition for redetermination filed on behalf of the above company. We were advised that taxpayer is engaged in the business of selling and servicing dictating machines and supplies manufactured by Gray Manufacturing Company of Connecticut.

According to the manufacturer's policy an owner of an audograph machine while traveling away from home may borrow a new machine for temporary use from any local dealer. A charge of \$3.00 is made for this loaning which, we were told, is a charge for pickup and delivery and does not pay the costs of the pickup and delivery. We understand that all of these new machines are returned to stock and are sold as new machines. Also, it is not intended to loan any machine more than once although in some instances by accident a machine may be loaned more than once.

We understand the purpose of this policy is to put new machines into the hands of persons who own audograph machines and in this way demonstrate the superiority of the new machines over older machines. As a result of this policy, new machines are in some instances sold to customers who have used such a machine as a loaner. After a review of the facts, we think that the transactions in question are in fact demonstrations and should not be considered as being uses of the machines within the meaning of the California Sales and Use Tax Law.

Accordingly, we shall recommend to the Board that this item be eliminated from the measure of tax. Notice of the Board's action will be mailed in due course.

Very truly yours,

REDACTED TEXT

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July 13, 1959
210.0380

John H. Murray
Associate Tax Counsel

JHM:fb

cc: Los Angeles – Administrator

Note to Unit 4:

Reschedule this matter for redetermination in accordance with the views expressed above and in Form S-169. Send a copy of the notice of redetermination to taxpayer's attorney.