

Memorandum

440.0225

Sacramento, California
February 4, 1947

To: Mr. Wm. R. Thomson (PER)

From: E. H. Stetson

Subject: Purchases of Tangible Personal Property
made for Resale but subsequently Consumed

We concur with your views as expressed in your memo of January 22 on the taxability of purchases of solvent by a rubber company, which solvent is used in the manufacture of tires, the solvent, however, being entirely lost by evaporation before the tires are sold. Since the solvent evaporates before the tires are sold, it seems that it must be regarded as purchased for a purpose other than resale.

Where rubber cement is purchased, we do not think that the loss of the solvent contained therein requires the application of the tax to the amount of the loss. It is not solvent that is purchased, but rubber cement, and this article is purchased for the purpose of resale, and is resold, even though the solvent contained therein may first evaporate.

EHS:bo