

M e m o r a n d u m

585.0394

To: John H. Murray

Date: September 14, 1984

From: Gary J. Jugum

Subject: Revenue Taxation Code Section 6281 – Transfers of Vehicles

On September 13, 1984, we discussed the interpretation to be made of Section 6281 as it might apply in a situation where a taxpayer does business through several separate divisions. Some of the divisions may be engaged in selling activities requiring the holding of a seller's permit. Other divisions may be engaged in activities not requiring the holding of a permit. We considered the questions as to whether tax would apply to transfers of vehicles if one of the nonselling divisions transferred all of its assets (including all of its vehicles) to an existing corporation wholly owned by the corporation owning the division.

We concluded that the Section 6281 exemption would not apply even though all of the assets of the one division might be transferred because Section 6281 requires that substantially all of the property held or used in the course of "business activities" of the person selling the property be transferred for the exemption to apply. The phrase "business activities" is broader than the mere permit requiring activities of the person conducting multiple business activities. In other words, the Section 6281 exemption will apply only where the business activities of a person are reorganized in their entirety.