



STATE BOARD OF EQUALIZATION

PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0001

TELEPHONE (916) 445-6493

July 20, 1988

REDACTED TEXT

Re: REDACTED TEXT
District use taxes – deliveries of vehicles to state agencies

Dear REDACTED TEXT:

In your May 18, 1988 letter to Mr. Rich Newell, of the Board's Eureka office, which was referred to the Board's legal staff for reply, you write:

“Our firm recently contracted with the State of California Office of Procurement to deliver approximately 1316 cars, trucks and vans to General Services, Caltrans, Highway Patrol, Fish and Game, Parks and Recreation, etc., during 1988. Of course, we have always collected, and will continue to collect, the regular 6% sales tax from each entity.

“However, because we are not able to assess the specific locality in which each of these vehicles is to be used, it will be most difficult, if not impossible, to collect the additional special district tax on these sales.

“Request is hereby made of the Board to exempt this dealership from collecting these special district sales and use taxes for the vehicles covered under this contract.”

Opinion

Our opinion is that the state agencies to whom you have these vehicles delivered are liable for district use taxes in all the districts in which they take delivery of the vehicles. Further, since you have deliveries of the vehicles made on your behalf in those districts, the Board considers you as a “retailer engaged in business in the district” within the meaning of Transactions and Use Tax Regulation 1827(c)(2) since you have agents in the districts for the purpose of making these deliveries of the vehicles sold. Our view is that you are responsible for collecting the district use taxes which apply to these statewide sales of vehicles under your contract with the State of

California, notwithstanding that your dealership is not, itself, located in a district.
(Regulation 1827(b)(1)).

We cannot agree with your contention that you are not able to assess the specific locality in which each of these vehicles is to be used. On the contrary, the place of delivery of these vehicles is the place of use, and the district use tax will apply where the delivery to the state agency is made in a district. (Regulation 1823(b)). When there is a taxable use of tangible property purchased outside of a district and used within a district, no other district's use tax will apply to the purchase. In order for you to collect the proper amount of district use taxes, all that is required of you as a retailer engaged in business in these districts is to retain records which indicate the place of delivery of the vehicles sold.

I enclose for your information copies of Regulations 1823 and 1827. Please feel free to contact me if you have any further questions or comments about this letter.

Sincerely,

John Abbott
Tax Counsel

JA:jb
Enclosure