

# Memorandum

**135.0176**

To: Out-of-State  
District Principal Auditor

Date: July 15, 1983

From: HQ – Legal (LS)

Subject: S--- Company.  
SC -- XX-XXXXXX

This is in reply to your memorandum of May 31, 1983. The issue raised is whether rental receipts from IBM computer equipment leased by S--- Company (S---) to its independent agents are subject to tax.

Our understanding is that, although the agents in question sell S--- insurance only, they are not S--- employees but, rather, are independent operators who are paid on a commission basis and who operate out of their own offices.

Under such circumstances, we are of the opinion that the imposition of use tax upon these agents based on rental receipts has an impact on S--- which is at most minimal and indirect. As discussed in our March 4, 1980 letter to S--- I--- Company, a copy of which was attached to your memorandum, a tax imposed on insurance agents is constitutionally and statutorily prohibited only where it directly affects the insurance company. It follows, imposition of the tax in this matter was proper.

LS:rar