

**Memorandum**

To: REDACTED TEXT

Date: April 18, 1950

From: E. H. Stetson

Subject: REDACTED TEXT

I have discussed with Mr. Harry L. Say the contents of your memo of March 1 and your audit report dated February 2, proposing to include within the measure of the determination the amount of so-called "abandonment charges".

You will recall that we discussed this question on my recent visit to your office. Mr. Say concurs with the opinion I expressed that we could not properly impose the tax upon the amount of the abandonment charges in view of the provisions of Ruling 61 relating to carrying and finance charges generally. Mr. Say asked the question, however, as to whether or not REDACTED TEXT included the amount of the abandonment charges in the measure of tax reimbursement passed on to his customers. I assume that he did not, but could not say so definitely. Please advise us in this connection. As indicated in our discussion, we should be careful not to recognize as a legitimate exclusion from the measure of tax any so-called abandonment charges that appeared disproportionate to the selling price of the car. The amount of the charge must, of course, be separately stated as specified in Ruling 61.

EHS:ph