

**STATE BOARD OF EQUALIZATION**

1020 N STREET, SACRAMENTO, CALIFORNIA  
(P.O. BOX 942879, SACRAMENTO, CALIFORNIA 94279-0001)  
(916) 322-2378

February 27, 1980

Ms. J--- B. S---  
G---, S--- & E---  
XXX --- Road, #XXX  
---, CA XXXXX

Re: G--- A--- Inc.  
SY – XX-XXXXXX  
Sales Tax on Automobile Parts

Dear Ms. S---:

As you requested on the telephone today, following is a brief outline of our position with respect to the taxation of core deposits on auto parts sold by G--- A---.

- 1) New Parts – The customer purchases the part, leaves a core deposit, and is charged tax on the total. Later, he brings in his used part. Under these circumstances, he would be entitled to a credit or refund of the core deposit only. Tax paid with respect to the core deposit should not be credited or refunded to him;
- 2) Reconditioned Parts – The customer purchases the part, leaves a deposit, and is charged tax on the total. Later, he brings in his used part. Under these circumstances, he would be entitled to a credit or refund of the core deposit plus tax paid with respect to it.

Very truly yours,

Les Sorensen  
Tax Counsel

LS:po