

M e m o r a n d u m**330.2179**

To: Inglewood – Auditing

Date: May 13, 1969

From: Petition Unit - Headquarters

Subject: W--- W--- L--- Corporation
XXXX --- --- ---
---, California XXXXX

SR -- XX-XXXXXX

Please refer to your memorandum of April 23. We do not agree that the tax paid by the taxpayer on the vehicles when purchased should be refunded.

Please refer to the legal digest of January 2 to January 8, 1969. A letter written January 7 by L. A. Augusta, states that in the case of property ultimately leased in substantially the same form as acquired, payment of tax measured by the purchase price at the time the property is acquired constitutes an irrevocable election not to pay tax measured by the rental receipts. The lessor may not change his election by reporting tax on rental receipts on his return for the period the property is first placed in rental and claiming a tax paid purchases resold deduction.

Our recommendation of denial was presented to the Board at their May 6 meeting as stated in our letter of March 12 to the taxpayer copy of which was furnished to you. The Board has accepted our recommendation and denied the claim for refund.

Collection procedures should be initiated on the amount reported on the return as shown in our letter, as you have verified that the taxpayer has collected the tax from his customers. This would be in accordance with Ruling 80.

MGR:sl

Memorandum

330.2179

To: Mr. Glenn Bystrom

Date: May 20, 1996

From: Gary Jugum

Subject: Non-Attorney Opinions

I have reviewed Petition Unit – Headquarters’ memorandum of May 13, 1969 to Inglewood – Audit. We are in agreement with his conclusion, as follows:

Election to Report on Cost. For property leased in substantially the same form as acquired, payment of tax measured by the purchase price at the time the property is acquired, constitutes and irrevocable election not to pay tax measured by the rental receipts. The lessor may not change his election by reporting tax on rental receipts on his return for the period the property is first placed in rental and claiming a tax paid purchases resold deduction. 5/13/69.