

April 26, 1967

Gentlemen:

Your letter of January 11, 1967, addressed to Mr. Robert N. Zamblich regarding the petition for redetermination filed on behalf of your clients has been referred to this office for consideration. Please accept our apology for our late replay.

It is our understanding that your clients, a partnership, were issued a seller's permit to sell "ladies' ready-to-wear" on March 3, 1965. On December 28, 1965, notice of revocation of the permit was mailed to the partnership. In February 1966, "B" sold his share of the partnership to "L". Notice of bulk sale transfer was published in the latter part of February 1966, in the local newspapers as required by law. However, it was not until July 14, 1966 that the Board, through one of its auditors, received actual notice of the dissolution of the partnership.

A notice of determination was issued against the partnership for the period June 1, 1966 to July 14, 1966.

It is your contention that the Board had notice of the transfer through the publication of the bulk sales transfer and, therefore, it cannot hold the partnership liable for sales and use taxes accruing after this period.

We cannot agree with your contention. We do not consider the notice of dissolution of a partnership through a bulk sales transfer publication to be effective in relieving the taxpayer from taxes accruing after the date of such publication. It is the Board's position that it must have actual notice of the dissolution before a taxpayer would be entitled to such relief. This position appears to be in conformity with the reasoning put forth in the case of Credit Bureaus of Merced County v. Shipman, 167 Cal. App. 2d 673. This case indicates that the burden is on a defendant relying on dissolution to prove notice of the dissolution.

In view of these circumstances, we propose to recommend to the Board that a redetermination be issued without adjustment to tax. You will receive official notice after the Board has acted upon our recommendation.

Very truly yours,
E. H. Stetson
Tax Counsel

Glenn L. Rigby

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