



STATE BOARD OF EQUALIZATION

August 7, 1952

Account X-----

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Gentlemen:

With reference to your inquiry of July 9 and our reply of July 12, 1951, we have received a report from our San Francisco office stating that you have been advised by competitors that they are not required to pay sales tax on the sale of CO-2 gas used in connection with the sale of draft beer.

It is our opinion that the sales tax is applicable with respect to sales of CO-2 gas for use in the sale of draft beer. Inasmuch as the purchaser buys the gas for use in forcing the draft beer through the pipes rather than for the purpose of reselling the gas, it is our opinion the sale to him is a retail sale and taxable.

On the other hand, where gas is purchased for the sole purpose of incorporating it into a product to be sold, the sale of the gas would be exempt as a sale for resale. This would be the case, for example, where the gas is to be used to produce the charge or sparkle in soda water or other beverages. We understand, however, that gas purchased for use in the sale of draft beer is not purchased for this purpose.

Very truly yours,

E. H. Stetson
Tax Counsel

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