

490.0088**Memorandum**

To: Mr. H. A. Dickson

Date: August 1, 1960

From: E. H. Stetson

Subject: Returned Merchandise

There has been a question as to whether the retailer has given a "credit" for returned merchandise within the meaning of Section 6012 when he sets up a credit in his books and notifies the customer that the credit is available to him. It has been suggested that perhaps no credit has been given within the meaning of the section until the amount of the credit has actually been applied to the purchase price of other merchandise or to a bona fide debt of the customer to the seller.

Assistant Attorney General Dan Kaufmann advised last Friday at a conference that to require actual application of the credit goes beyond the statute, and that it is sufficient if the credit be entered on the books of the retailer and the customer notified that he has the credit by letter or other written notification addressed to the last known address of the customer.

EHS:tl

cc: Mr. W. T. Denny