



STATE BOARD OF EQUALIZATION

September 21, 1970

Gentlemen:

This is in response to your letter dated August 28, 1970.

From your letter, we understand that you are a retail seller of uniforms, and that in the course of your business, you contract to sell uniforms to United States Post Office Department employees in California. Such employees are authorized uniform allowances by the Department. Thus, when an employee needs to acquire or supplement his uniform, he orders the necessary item or items from you, and upon receipt of the item or items ordered, he presents the accompanying invoice to the Department's disbursement officer. The disbursement officer then deducts the amount of the invoice from the employee's allowance and pays invoice amounts to you bi-weekly by means of a Department check. You ask whether such sales are taxable under the Sales and Use Tax Law.

We have taken the position that sales of uniforms to Department employees in California are sales to the United States to the extent that payment therefore is made by the Department. Thus, tax does not apply to any amounts paid to you by the Department. Sales of uniforms to employees for which they make payment are not sales to the United States, however, and tax applies to any amounts paid to you by employees, even if they are subsequently reimbursed for their expenditures by the Department.

Very truly yours,

J. Kenneth McManigal
Tax Counsel

JKM:smb

bc: Out-of-State – Dist. Admin
New York