

STATE BOARD OF EQUALIZATION

OFFICE CORRESPONDENCE

557.0380

Place: Sacramento

Date: May 2, 1955

To: Mr. V. M. Ekstrom

From: John H. Muray

Re: E--- J---, Inc.
XX --- Street
---, --- ---

Account No. - - XXXX

Now: SC --- XX XXXXXX

In reply to your memorandum of April 22, we advise you that we think item A2, Transportation and Insurance Charges, is subject to tax.

As we understand it, taxpayer's salesmen arrange for a jewelry party at the home of a hostess. Orders are taken there and 15¢ is added as a charge for handling, postage and insurance. The merchandise is then shipped to the hostess who delivers it to the customers.

Taxpayer has submitted no documentary evidence indicating that the sale is in fact made F.O.B. factory.

We think that under these circumstances, the hostess is acting as taxpayer's agent in making the delivery and thus title passes upon the delivery to the purchasers in California.

JHM:djr