

**STATE BOARD OF EQUALIZATION**

450 N STREET, SACRAMENTO, CALIFORNIA
(P.O. BOX 942879, SACRAMENTO, CALIFORNIA 94279-0001)
(916) 445-3723

JOHN KLEHS
First District, Hayward

DEAN F. ANDAL
Second District, Stockton

ERNEST J. DRONENBURG, JR.
Third District, San Diego

BRAD SHERMAN
Fourth District, Los Angeles

KATHLEEN CONNELL
Controller, Sacramento

BURTON W. OLIVER
Executive Director

August 2, 1995

Dear _____,

This office has received your letter dated May 25, 1995 in which you asked if storage charges are taxable in the following situation:

Your office received a contract for the sale of a _____, located in _____, California. The contract provided for storage charges with eventual shipment of the oven to California. You state that the storage charges were part of the original purchase order, that after change orders were received the storage charges were separately stated, that the property is currently stored in _____ and that the ultimate disposition of the property is uncertain -- the property may not leave _____.

California Revenue and Taxation Code section 6203 provides that every retailer engaged in business in California shall, at the time of making sales of tangible personal property for use in California or at the time the storage use, or other consumption becomes taxable, collect the use tax from the purchaser and give to the purchaser a receipt in the manner and in the form prescribed by the California state Board of Equalization.

The taxable "sales price" includes the total amount of the sale without any deduction on account of the cost of the materials used, labor or service cost interest paid, losses or any other expense (California Revenue and Taxation Code Section 6011(a) (2)). The total amount of the sale or lease or rental price includes any services that are a part of the sale.

If the oven does enter California for use in this state, the entire sales price is taxable, including the storage charges that _____ bills to _____ whether separately stated or not. If the oven never enters California, no tax applies.

If you require further assistance, please contact this office.

Very truly yours,

Thomas J. Cooke
Staff Counsel