



STATE BOARD OF EQUALIZATION

PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0001
TELEPHONE (916) 445-6450

July 26, 1967

A--- C--- S--- C---
XXXX --- ---
--- ---, CA XXXXXAttention: Mr. R--- L. T---, Manager
License Department

Gentlemen:

Reference is made to your letter of July 19, 1967, regarding automobile use tax exemptions under section 6285 of the Sales and Use Tax Law relating to family transfers.

The section reads:

There are exempted from the taxes imposed by this part the gross receipts from the sale of and the storage, use or other consumption in this state of a vehicle required to be registered under the Vehicle Code, or of a vessel or an aircraft, when the person selling the property is either the parent, grandparent, child or spouse of the purchaser and the person selling is not engaged in the business of selling the type of property for which the exemption is claimed.

Under the exemption the following sales would be exempt:

1. Father sells to son or daughter
2. Mother sells to son or daughter
3. Parents jointly sell to son or daughter
4. Grandfather sells to grandson or granddaughter
5. Grandmother sells to grandson or granddaughter
6. Grandparents jointly sell to grandson or granddaughter
7. Son sells to father or mother or both
8. Daughter sells to father or mother or both
9. Husband sells to wife
10. Wife sells to husband

Under the statute, we have an opinion that the exemption does not apply where a grandson or granddaughter sells a car to his or her grandparents.

It is also our opinion that the exemption does not extend to or include a sale by a stepson to a stepfather, stepfather to a stepson. The same would apply to stepdaughter, stepmother, or any combination of stepchild and stepparent. Under certain circumstances, transfers involving stepparents and stepchildren may be exempted.

We would consider the case where a stepchild sold a car to his natural parent who was remarried and the sale was to both the natural and stepparent jointly. Also, we would consider a sale made jointly by a stepparent and a natural parent to a child of the natural parent.

In the first example, the vehicle would have to be registered to the natural and stepparent jointly as evidence of joint ownership.

In the second, the vehicle, before sale, would have to be shown to have been owned jointly by the selling parents.

In the case of stepparent and stepchild relationships, we would not recommend changing the Department of Motor Vehicle procedure of requiring the transferee to obtain an exemption (BT-111) from the board.

Very truly yours,

Robert Anderson
Tax Counsel

RHA:dse

cc: --- – Subdistrict Administrator (Donald L. Hethcote)
Headquarters – Occasional Sales (Lee Roberts)