



STATE BOARD OF EQUALIZATION

April 2, 1964

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Gentlemen:

This is in reply to your letter of March 25, 1964 concerning the application of sales tax with respect to sales of corrugated containers for shipping potato chips to retail food stores, as determined in connection with an audit of "B".

As a result of the audit, a determination was issued and a petition for redetermination was filed. There was an informal hearing before a hearing officer. No transcript of this hearing was made. The hearing officer recommended that sales of corrugated containers which were sold by the purchaser along with the contents should be regarded as nonreturnable containers within the meaning of Ruling 49, copy enclosed. This recommendation was approved by the Board, and so the rule is that these containers when sold by the purchaser along with the contents, there being no deposit charged and title not being retained, constitute exempt sales of nonreturnable containers. The fact that some of the containers might be repurchased or an amount paid as a "finders fee" for their return does not affect the exempt status of the original sale of these containers.

Very truly yours,

E. H. Stetson
Tax Counsel

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