

STATE OF CALIFORNIA
BOARD OF EQUALIZATION

0556 FEDERAL-TRANSPORTATION-TAX IS SUBJECT TO SALES-TAX

235.0080

Saramento
March 14, 1950

Mr. J. S. Knight (JHM cC)

E. H. Stetson

Federal transportation tax included
in disallowed cartage charges by
lumber dealers

We have noted the contents of your memorandum of December 7, 1949, concerning the question that has arisen as to whether or not to allow a deduction for Federal transportation tax where the entire cartage charge occurs before title to the merchandise passes to the buyer. Apparently the seller in this case hired a carrier to transport the merchandise.

As we understand the Federal transportation tax, it is imposed upon the person paying the transportation and is collected from him by the carrier. Thus, if the seller is the person paying for the transportation, any amount added to his charge to the buyer in reimbursement of the Federal transportation tax is merely a part of the sale price as far as the purchaser is concerned, and is subject to the sales tax in the event the charge for transportation made to the buyer is itself properly included within the measure of the tax, that is, where title passes to the buyer at the point of destination. It is part of the sale price for the same reason that Federal manufacturers' excise taxes are regarded as part of the sales price and for the same reason that prior to the specific statutory exclusion Federal retailers' excise taxes were regarded as a part of the sale price subject to the sales tax.

REDACTED TEXT

EHS:ph