



STATE BOARD OF EQUALIZATION

May 24, 1955

[X]

Attention: [X]

Gentlemen:

Your recent correspondence with the County of [XYZ] in regard to your sale of Calcium Propionate has been referred to this office for review in the light of the letter of March 10 which was addressed to you. We find that the letter of March 10 was in error and wish to withdraw it. We regret that this occurred, but it is in a field which can sometimes be easily confused.

The California Sales and Use Tax Law contains a food product exemption and a resale exemption. The food product exemption is based upon the nature of the property at the time it is sold. It is our opinion that neither Calcium Propionate nor Sodium Propionate are food products, although they do become an ingredient of bread which is, of course, a food product. Accordingly, you are making sales of an item, the retail sale of which is not exempt from tax, and you will be required to hold a seller's permit and file returns.

We already have your application for a seller's permit and the permit fee. You will be mailed the permit in due course and will be placed on a yearly reporting basis. Your first return will be due no later than January 31, 1956, covering the calendar year 1955.

Your sales to bakeries will, of course, be exempt, but they fall under the resale exemption rather than under the food product exemption. You should obtain resale certification from your customers. The form of resale certificate is set out in Sales and Use Tax Ruling 63, copy enclosed.

Tax applies to sales to a customer such as the County of [XYZ] which does not resell the bread and, therefore, does not resell your product.

Very truly yours,

Bill Holden

cc: New York (SS)