



STATE BOARD OF EQUALIZATION

November 20, 1964

Gentlemen:

This is in reply to your letter of November 9 in which you inquire if money turned over to several nonprofit groups as a percentage refund of purchases made by the groups' members may be treated as a discount on purchases so that you could also refund a proportionate part of the sales and use tax collected.

Such a refund to those nonprofit groups would not be considered to be a discount to the person who made the purchase. Such a refund would be considered an expense of doing business rather than a reduction of the receipts from the sale. Accordingly, such a refund could not be excluded from the measure of gross receipts, and you would be required to pay tax on the total amount charged to the purchaser.

If you have any further questions, please do not hesitate to write to us again.

Very truly yours,

E. H. Stetson
Tax Counsel

By _____
Philip R. Dougherty

PRD:md

cc: --- --- - District Administrator