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450 N STREET, SACRAMENTO, CALIFORNIA  
(P. O. BOX 942879, SACRAMENTO, CA 94279-0082)  
TELEPHONE: (916) 445-3723  
FAX: (916) 323-3387

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*Executive Director*

January 3, 1996

Mr. J--- T--- H---  
XXX --- Street, Suite XXXX  
---, AZ XXXXXX

Dear Mr. H---:

This is in reply to your letter of December 12, 1995, addressed to Chief Counsel E. L. Sorensen. Your letter was referred to the undersigned for reply.

Your have sought our opinion as to the application of the California Sales and Use Tax Law to the purchase of a sailing yacht under the circumstances described below:

1. The yacht currently berthed in California is documented by the United States Coast Guard (USCG).
2. A Delaware Corporation proposes to purchase the yacht.
3. No members of the corporation reside in the State of California.
4. The purchase is to be documented by the USCG will take place outside the offshore limit of California.
5. The yacht will return to California for the purpose of refit, provisioning and sea trials to the extent to ensure its sea worthiness and safety for long-range cruising.

6. The period that the yacht is returned to California will not exceed 90 days.
7. The yacht will then be involved in extensive world cruising for several years.
8. There will be no plans to return to California.

If ownership of the yacht transfers on the high seas, that is, outside the territorial limits of the State of California, neither California sales tax nor California use tax will apply to the purchase of the yacht in question. For California sales and use tax purposes, a sale occurs at the place the property is located at the time ownership (title transfer) occurs. The parties to the agreement should retain in their files written documentation that the sale occurred outside this state.

Very truly yours,

Gary J. Jugum  
Assistant Chief Counsel

GJJ:sr