



STATE BOARD OF EQUALIZATION

January 9, 1969

Gentlemen:

This is in reply to your letter of December 20, 1968 in which you request information as to the application of the Sales and Use Tax Law to leases of chemical toilet units.

Section 6010.7 of the Revenue and Taxation Code provides that, effective October 1, 1968 the lease of a chemical toilet unit is subject to tax measured by the lease or rental price regardless of whether the unit is leased in substantially the same form as acquired and regardless of whether sales tax reimbursement or use tax has been paid (see Ruling 70(c)(2)(F) last paragraph, copy enclosed).

The Board has not issued a special ruling covering leases of chemical toilet units. However, this staff has expressed its opinion that:

- (1) Tax applies as measured by the entire rental price of a chemical toilet unit where only the unit is leased and no services are provided, and
- (2) If the lessor is willing to lease the chemical toilet units without a cleaning service but provides such a service at the option of the lessee, then a separately stated cleaning charge may be excluded from the measure of tax. The lessor will of course have to pay tax on the materials used in the cleaning service.

You specifically ask how "...charges on a contract to a California State Park [are to be adjusted] to offset this tax...." Leases of chemical toilets to California state parks are subject to tax in the same manner as leases to any private person. The lessee must pay a use tax based on the rental charge and the lessor must collect the use tax from the lessee and remit the tax to this Board.

If we may be of further assistance in this matter, please do not hesitate to write again.

Very truly yours,

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By Gary J. Jugum
GJJ/ss [1b]