

Memorandum

330.3400

To: Van Nuys - Auditing (KGM)

Date: March 20, 1968

From: Tax Counsel (PRD)

Subject: Finance Charges on 6006(g) Leases

Time, interest, finance, and carrying charges may be excluded from the measure of the tax where the tangible personal property is sold on credit as under a conditional sale, or a lease in lieu of sale.

A true lease is not a sale of tangible personal property on credit within the meaning of Ruling 61(a) and the so-called "interest" charged by the lessor on rental payments must be included in the measure of rental payments subject to tax.

PRD:smk [lb]