



STATE BOARD OF EQUALIZATION

June 1, 1966

Attention: --- ---
Treasurer

Gentlemen:

This is in reply to your letter of May 26, 1966, concerning the application of sales and use taxes to income which you will receive from a proposed leasing of an airplane to a company which will use it exclusively in Mexico.

In the event you acquire the airplane with sales or use tax paid upon the full purchase price of the airplane, you will not incur any additional sales or use tax liability by leasing it, whether the airplane will be used in this state or elsewhere. If on the other hand, you acquire the aircraft without payment of tax on the purchase price, your rental receipts received for the time the aircraft is physically in this state would be subject to tax. Inasmuch, however, as you state that the aircraft ~"ill be delivered by you to the customer in Mexico, and will be used exclusively there, your rental receipts will not be subject to the tax.

We are enclosing a copy of sales and use tax ruling 70, covering leases of personal property, and refer you particularly' to paragraphs (c)(1)(B) and (c)(3).

Very truly yours,

E. H. Stetson
Tax Counsel

EHS :fb
Enclosure

cc: San Jose - District Administrator