



STATE BOARD OF EQUALIZATION

January 7, 1953

Gentlemen:

You ask whether the transfer of cash, machinery, equipment, and 50 Chevrolet automobiles and trucks currently under lease to various lessees by "X" to "Y", solely* in exchange for all of the stock of the latter corporation authorized to be issued is a taxable sale under the California Sales and Use Tax Law.

We assume that the above-mentioned property was transferred by "X" directly to "Y", and the stock of "Y" was transferred or issued by that company directly to "X". We assume further that prior to the transfer, "Y" had no assets and was formed for this transaction.

Under these circumstances, the transfer would be to a commencing corporation solely for all of its authorized stock and in our opinion, would not be subject to sales tax under Ruling 81.

Very truly yours,

E. H. Stetson
Tax Counsel

* by "solely" it is assumed that there was no assumption of indebtedness in the transfers by X to Y, or any other consideration other than the stock.
SPJ 5/28/01

EHS:tj

cc: Stockton – Compliance.