

# Memorandum

435.1160

To: Los Angeles - Auditing (CHS)

Sacramento  
December 5, 1958

From: Headquarters – Sales Tax Counsel (JDP)

Subject: L--- A--- C--- P--- Company  
XXXX North --- Street  
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Account -- - XXXXXX

In your memorandum of December 2, you state that you are making an audit of the above account, and inquire whether or not the charges for packaging of taxable merchandise, such as soap and cosmetics, for clients to be given away by them as samples, are taxable. You state that the merchandise and packaging material are furnished by taxpayer's customers. The second question asked refers to the same type of transaction, except the packaged merchandise consists of food products.

It is our opinion that, pursuant to Section 6006 of the law, the packaging operation performed constitutes a sale. Accordingly, it is our opinion that tax applies to the charges for such packaging where the contents, if sold at retail, would be taxable. However, it is our further opinion that where the contents are exempt food products, charges for packaging samples thereof are not taxable.

Jack D. Paulson

JDP:o'b