

## STATE BOARD OF EQUALIZATION

## OFFICE CORRESPONDENCE

Place: Sacramento  
Date: April 22, 1959

To: Mr. Jack H. Leam

From: Stanley G. Lerner

\_\_\_\_\_ sold the fixed assets of its California stores to its affiliate, \_\_\_\_\_, which in turned leased said fixed assets to \_\_\_\_\_. Subsequently, on January 31, 1955, \_\_\_\_\_ Inc., resold the fixed assets in question back to \_\_\_\_\_. Then on March 31, 1955, \_\_\_\_\_ sold its entire business to \_\_\_\_\_.

The sale by \_\_\_\_\_ Inc., of the fixed assets in question to \_\_\_\_\_ became the basis of a sales tax determination against \_\_\_\_\_ which to date remains unpaid.

The question is whether \_\_\_\_\_ became liable as successor pursuant to Section 6811 and 6812 to \_\_\_\_\_, which liability in turn would be passed on to \_\_\_\_\_ pursuant to the same sections.

In order for there to be a successor's liability pursuant to the above sections, there must be a sale of all or substantially all of the business assets or stock of goods.

In the instant problem \_\_\_\_\_ did not sell its business nor did it sell a stock of goods, since "stock" or "stock of goods" refers only to goods or chattels which a tradesman holds for sale or traffic (see 40 Words and Phrases 760). Therefore, we are of the opinion that the liability of \_\_\_\_\_, Inc., arising out of its sale back to \_\_\_\_\_ is not passed on to \_\_\_\_\_ as a successor.