



STATE BOARD OF EQUALIZATION

May 1, 1964

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Gentlemen:

This is in reply to your letter of April 3 in which you inquire whether or not ice sales to restaurants and bars are rightfully subject to retail sales tax.

If the ice is being used only as a part of the beverages or food which are served, it will be in order for your clients to give you a resale certificate. A copy of Ruling 68 is enclosed for your information.

However, many restaurants and bars use ice not to put in drinks, but also as a refrigerant to keep bottled goods and food cold. Such places should not give a resale certificate, and you should collect the tax on all the ice sold to them. If they keep proper records with respect to ice actually set aside solely for sale with the drinks or food, they may take a deduction on their own sales tax return for the amount of the purchase price of ice purchased tax paid and then resold in or with food and drinks.

They must understand that if they wish to take this deduction they must keep good and sufficient records of the ice purchased and resold. Such records must be in a form that is susceptible to audit.

Very truly yours,

E. H. Stetson
Tax Counsel

By Philip R. Dougherty

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