



STATE BOARD OF EQUALIZATION

September 1, 1966

M---, H--- & Company
Certified Public Accountants
XXXX --- Boulevard
--- ---, CA XXXXX

SR -- XX XXXXXX

E--- M. M---

Attention: Mr. A--- H---

dba: M---
Company

Gentlemen:

This is to inform you of the position we have taken with respect to the above named taxpayer's petition for Redetermination of sales tax. We are recommending that the stand-by time charges be eliminated from the audit and tax redetermined accordingly.

It is our opinion that the stand-by time charges do not form a part of the gross receipts of the taxpayer from the sale of meals. The charges are analogous to stand-by charges for ready-mix concrete which we have previously ruled are not subject to sales tax. They do not relate to the sale of any meal as they are only charged when the second meal is not ordered. This, of course, occurs after the first meal is served. Finally, they relate to the driver's time spent in waiting and not to any physical activity expended in preparing or serving the food.

Our recommendation will be presented to the board for its approval. You will receive official notice of its action in due course.

Memo
For computation of adjustments see
page A-8 of pet. file
HK

Very truly yours,

John. H. Knowles
Associate Tax Counsel

JHK:mm

cc: Van Nuys – Subdistrict Administrator
Attached are two copies of hearing officer's report dated August 31, 1966, which has been approved. This hearing was held in Van Nuys on June 22, 1966.
Los Angeles District – District Headquarters.