



550.1160

STATE OF CALIFORNIA

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STATE BOARD OF EQUALIZATION

May 5, 1950

REDACTED TEXT

Gentlemen:

This is in answer to your letter of April 21, to which was attached a copy of our letter of November 7, 1947.

Under Section 6363 of the Revenue and Taxation Code and Sales and Use Tax Ruling 53 (F) the sales of meals by employers to employees engaged in work upon a particular project or undertaking are specifically exempted from the tax. Accordingly, an employer who engages an outside caterer to prepare and furnish meals for which the employer makes a charge to the employees through payroll deduction or otherwise, is regarded as purchasing the meals for resale to his employees and may properly furnish a resale certificate to the caterer. The situation would, of course, be otherwise if the employer merely authorizes a catering company to sell the meals to the employees. In this case the sale of the meals would not be made to the employer for resale to the employees but directly by the caterer to the employees, and such sales would not be within the exemption of Section 6363.

The terms of your contract with the employer determine whether or not you may be properly regarded as selling the meals to the employer for resale and if you wish to forward a copy of the contract for examination, we shall give you our opinion with respect to the specific transaction.

Very truly yours

E. H. Stetson  
Tax Counsel

EHS:ph