



557.0700

STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

April 26, 1965

Gentlemen:

In answer to your letter of April 19, our opinion is that at least a portion of your charge must be considered as being for the water itself, rather than just a "service" performed by you. By obtaining water and delivering it to your customers, it seems to us that you are selling water, transferring title thereto to your customers. Since the delivery is by tank truck, there is no exemption, as in the case of water delivered through mains, lines or pipes.

It also appears to us that you, undoubtedly, do not pass title to the water to your customers until you have delivered it to them, in which case even your charge for transportation of the water would be part of the measure of the sales tax, as explained in Ruling 58, copy enclosed. The only situation we can think of in which your charge for delivering the water would be free from sales tax would be if you simply contracted to move water belonging to your customer from one point to another.

We have referred your letter and a copy of this reply to our Riverside office. You will probably hear from that office shortly in reference to your need for a seller's permit and to secure additional information, which may have a bearing on the application of the tax.

Very truly yours

E. H. Stetson
Tax Counsel

EHS:fb [lb]