

January 31, 1951

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Gentlemen:

This is in reply to your letter of January 15 regarding the application of Section 6368 of the Sales and Use Tax Law where a commercial fishing boat operates a portion of the time outside the territorial waters of the State.

Pursuant to Sales and Use Tax Ruling 51.5, adopted pursuant to Section 6368, "The tax does not apply...if the principal use of the watercraft occurs outside the territorial waters of this State. The tax applies...if the principal use occurs within the territorial waters of this State." A copy of the ruling is enclosed. We think that "principal use" refers to the actual operations and, therefore, for the exemption to be applicable these operations must involve fishing outside the territorial waters of this State over fifty percent of the time spent in total operations.

Very truly yours,

E. H. Stetson
Tax Counsel

EHS:ph
cc: