

DOCKETED

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On Ross Johnson Comments

Additional submitted attachment is included below.

From: GREG DAVIS <gdmdengrinc@sbcglobal.net>
Sent: Monday, August 20, 2018 1:04 PM
To: Energy - Docket Optical System
Subject: 224522 Ross Johnson Comments

To Whom it may Concern:

I just read the comments from Ross Johnson regarding the franchise tax board, sale and purchase of HVAC equipment. Most CPA's would be familiar with the following:

You cannot purchase anything in CA less sales tax without a resellers lisc issued by the FTB. If you do not have one nor wish to obtain one, the Wholesaler/retailer charges the tax at the time of purchase. At no time is the item sold in the state of CA not taxed either at the wholesaler or the retailers end. The Contractor is required to turn in the value of material with supporting receipts showing the tax was paid or to pay the tax as stipulated by law.

I believe Ross's point was to say the markup on the resale of the equipment is not taxed if the Contractor pays the the Tax at the Wholesaler. That is the Contractor's choice to sell equipment at cost (price from the wholesaler) or at the time of sale to the end user (marked up). If the equipment has the state mandated warranty's inc at the time of sale form the Wholesaler, who the hell cares if it's marked up on the other end?

Most equipment today is not marked up. it may handling fee of less than 10% (labor to receive, inventory and send to jobsite). Also, by not marking up equipment, the contractor keeps his inventory tax low.

the poin t ross makes is completely irrelevant.

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