

3316.

APPROVAL, BONDS OF CUYAHOGA FALLS CITY SCHOOL DISTRICT,
SUMMIT COUNTY, OHIO—\$33,000.00.

COLUMBUS, OHIO, JUNE 11, 1931.

Retirement Board, State Teachers Retirement System, Columbus, Ohio.

3317.

FRANCHISE TAX—DOMESTIC CORPORATION OWNING CHATTELS
PERMANENTLY LOCATED OUTSIDE OHIO—UNPAID BALANCES
UPON CONDITIONAL SALE CONTRACTS RESPECTING SUCH
CHATTELS INCLUDABLE IN CALCULATING TAX UNDER SEC-
TION 5498, G. C.—WHEN UNPAID BALANCES ON INSTALLMENT
LEASE CONTRACT RESPECTING SUCH CHATTELS INCLUDABLE.

SYLLABUS:

1. *The unpaid balance, whether due or not, upon a conditional sale contract made outside of Ohio, by an Ohio corporation in respect to a chattel permanently located in another state, must be included, in calculating the corporation's franchise tax under section 5498, General Code, as property owned by such corporation in Ohio. These items are to be figured at their actual as distinguished from their nominal value. Whether they are collectible or not is a matter going to their value.*

2. *As to whether the unpaid balances upon an installment lease contract made outside of Ohio by an Ohio corporation in respect to a chattel permanently located in another state must likewise be included for franchise tax purposes as property owned or used in Ohio, it is properly concluded that (a) they must be included if they are due and payable, (b) they must be included, though not yet due and payable, if the installment lease is really a subterfuge for a conditional sale, and (c) they are not includable, if they are not due and payable, in case the contract is a bona fide installment lease.*

COLUMBUS, OHIO, JUNE 11, 1931.

The Tax Commission of Ohio, Columbus, Ohio.

GENTLEMEN:—This opinion results from your request for my ruling as to whether, in calculating, under section 5498, General Code, the franchise tax of The X Company, of Y, Ohio, a domestic corporation, certain items hereinafter mentioned may properly be classified as the company's "property owned or used by it in Ohio."

The X Company, whose factory is at Y, Ohio, markets its products throughout the country. This is facilitated by division offices which it operates in nine states. Said division offices, which, in turn, operate branch stores within their respective territories, are each conducted as separate units, and, to them, The X Company ships its products from its factory at Y, Ohio.

Pending their sale to customers, the products so shipped are carried on the books of the divisions at invoice values in merchandise stock inventory. All sales