

State of California  
BOARD OF EQUALIZATION  
PROPERTY TAX RULES

Division 1. State Board of Equalization-Property Tax  
Chapter 2. Assessment  
Article 5. Situs

**Rule 203. Goods in Transit.**

*Authority:* Section 15606, Government Code.

*Reference:* Section 1019, Revenue and Taxation Code; and Article XIII, Section 14, California Constitution.

**(a)** Property moving in interstate or foreign commerce, whether entering or leaving the state, are not subject to tax while in transit.

Property moving in intrastate commerce on the lien date are taxable and have situs for that purpose as follows:

(1) Property being transported by an owner from one location to another has situs at the point of origin of the shipment regardless of the mode of transportation or the ownership of the means of conveyance.

(2) Property being transported to a buyer has situs at its point of destination unless the buyer demonstrates to the satisfaction of the assessor that the seller had title until delivery. Pursuant to the Uniform Commercial Code, f.o.b. designations, unless otherwise agreed between a seller and buyer, are delivery terms. Title to property remains with a seller until he has completed delivery by making the property available for disposition by the buyer at the f.o.b. point. Retention of security interest by a seller shall be disregarded for purposes of determining situs.

Property is in transit as part of interstate or intrastate commerce, as the case may be, when it has been delivered to a carrier or, if delivery to destination is being made by the owner of the property, when he has actually started transporting the property to its destination. Transportation terminates when the property reaches its destination and is made available for disposition by the consignee of the shipment.

The interruption of transportation for purposes incident to transportation does not remove property from its in-transit status. The interruption of transportation for the business purpose or profit of the owner terminates the transportation and creates a situs for taxation at the place where the property is situated on the lien date.

Thus, property remains in transit if the interruption is caused by a breakdown in the transportation system or equipment, the promotion of safe or convenient transit, or the accumulation by the carrier of sufficient cargo to make a load.

*History:* Adopted February 7, 1968, effective March 14, 1968.  
Amended July 27, 1982, effective February 17, 1983.