

BEFORE THE OFFICE OF TAX APPEALS

STATE OF CALIFORNIA

IN THE MATTER OF THE APPEAL OF, )  
 )  
JET SOURCE, INC., ) OTA NO. 18053102  
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 )  
 APPELLANT. )  
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TRANSCRIPT OF VIRTUAL PROCEEDINGS

State of California

Tuesday, June 15, 2021

Reported by:  
ERNALYN M. ALONZO  
HEARING REPORTER

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Transcript of VIRTUAL PROCEEDINGS,  
taken in the State of California, commencing  
at 1:56 p.m. and concluding at 2:25 p.m. on  
Tuesday, June 15, 2021, reported by  
Ernalyne M. Alonzo, Hearing Reporter, in and  
for the State of California.

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APPEARANCES:

Panel Lead: ALJ MICHAEL GEARY

Panel Members: ALJ JOSHUA ALDRICH  
ALJ RICHARD TAY

For the Appellant: JANET PASS

For the Respondent: STATE OF CALIFORNIA  
DEPARTMENT OF TAX AND  
FEE ADMINISTRATION  
  
STEPHEN SMITH  
JASON PARKER

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I N D E X

E X H I B I T S

(Appellant's Exhibits 1-2 were received at page 7.)

(Department's Exhibits A-E were received at page 7.)

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California; Tuesday, June 15, 2021

1:56 p.m.

JUDGE GEARY: Let's go on the record.

Again, welcome to the Office of Tax Appeals hearing under the Appeal of Jet Source, Inc., Office of Tax Appeals or OTA Case Number 18053102. Today is Tuesday, June 15th, 2021, and the time approximately 1:56 p.m. This hearing was noticed for Cerritos, California, but it is being conducted electronically with the agreement of the parties.

Today's hearing is being heard by a panel of three Administrative Law Judges. My name is Mike Geary, and I will take the lead in conducting the hearing today. I'm joined on the panel by Josh Aldrich and Richard Tay. After the hearing the three of us will discuss the arguments and evidence. Each of us will have an equal voice in that discussion, and at least two of us must agree on the issue or issues presented. Any of us on the panel may ask questions today or otherwise participate to ensure that we have all the information we need to decide the appeal.

Now, let's have the parties identify themselves by stating their names and who they represent, starting with the Appellant.

1 MS. PASS: Janet Pass representing Jet Source,  
2 Inc.

3 MR. SMITH: I am Stephen Smith representing  
4 California Department of Tax and Fee Administration.

5 MR. PARKER: And I am Jason Parker also with the  
6 CDTFA.

7 JUDGE GEARY: I am Judge Geary again. Thank you  
8 all.

9 It's my understanding that there will be no  
10 witnesses today and that we will hear only oral arguments.

11 Ms. Pass, is that correct?

12 MS. PASS: That's correct.

13 JUDGE GEARY: And, Mr. Smith, is that correct?

14 MR. SMITH: Yes, that's correct.

15 JUDGE GEARY: Thank you.

16 The exhibits marked, thus far, for identification  
17 in this appeal consist of Appellant's exhibits marked 1  
18 and 2 and Respondent's exhibits marked A through E. All  
19 exhibits have been previously disclosed and discussed, and  
20 the parties have not raised any objections, thus far, to  
21 the proposed exhibits. But let me ask each of you.

22 Ms. Pass, do you have any objections to the  
23 admission of Respondent's Exhibits A through E?

24 MS. PASS: I have no objection.

25 JUDGE GEARY: Thank you. Judge Geary again.

1           And, Mr. Smith, do you have any objections to the  
2 admission of Appellant's exhibits marked 1 and 2?

3           MR. SMITH: No objections.

4           JUDGE GEARY: Thank you.

5           I'm admitting all of the exhibits now.

6           (Appellant's Exhibits 1-2 were received  
7 in evidence by the Administrative Law Judge.)

8           (Department's Exhibits A-E were received in  
9 evidence by the Administrative Law Judge.)

10          There's one issue to be decided in this appeal,  
11 and that is whether Appellant is entitled to an adjustment  
12 to the amount of disallowed credits for sales tax prepaid  
13 to fuel distributors.

14          Ms. Pass, can I confirm with you that that is the  
15 sole issue to be decided today.

16          MS. PASS: That is confirmed.

17          JUDGE GEARY: Thank you.

18          And, Mr. Smith, do you agree?

19          MR. SMITH: Yes, we do.

20          JUDGE GEARY: Thank you. This is Judge Geary  
21 again.

22          For time estimates, we previously gone over this  
23 at prehearing conferences. It's my understanding that  
24 Appellants have indicated they will require no more than  
25 15 minutes for their first argument or opening argument,

1 and that Respondent has indicated it will require no more  
2 than 15 minutes for its only argument. And I've indicated  
3 to Appellant that, at its option, Ms. Pass can then take  
4 approximately 5 minutes for a final rebuttal argument if  
5 she chooses to do that.

6 Ms. Pass, are these time limitations suitable for  
7 your needs?

8 MS. PASS: Yes.

9 JUDGE GEARY: Thank you.

10 Mr. Smith, are they suitable for your needs?

11 MR. SMITH: Yes, they are.

12 JUDGE GEARY: Thank you.

13 And I think we're ready to proceed.

14 Ms. Pass, you can begin your argument when you  
15 are ready.

16

17 PRESENTATION

18 MS. PASS: Janet Pass presenting for Jet Source.  
19 Our issue at hand is whether or not Jet Source was the  
20 party legally entitled to take a credit for prepaid sales  
21 taxes that they paid to their vendor.

22 Jet Source operated a facility in Carlsbad, and  
23 they purchased fuel from Epic Aviation for resale. They  
24 paid prepaid sales tax on all of their purchases from  
25 Epic. They sold most of their fuel to others at retail



1 and charged sales tax and took the prepaid credit. They  
2 also had a contract with another company called Schubach  
3 that operated at their facility, and they sold them fuel  
4 as well. Although, Schubach resold that fuel to others.

5 Jet Source should have had an SG account and did  
6 not. And under the terms of their contract with Schubach,  
7 they invoiced them an amount and then was also entitled to  
8 an extra fee. We believe that Jet Source was the party  
9 entitled to take the prepaid sales tax credit because the  
10 hanger was silent, and Jet Source did not invoice Schubach  
11 for any sales tax on the invoices. The State came in and  
12 audited and allowed Schubach to take the prepaid sales tax  
13 credit that was invoiced to Jet Source by Epic Aviation.

14 No prepaid sales tax was ever invoiced to  
15 Schubach by Jet Source, but the company was allowed to  
16 take the prepaid amount paid by Jet Source to Epic under,  
17 what we understand is theory by CDTEFA that they had  
18 imputed that Schubach had in fact been charged prepaid  
19 sales tax while neither invoice nor hanger contract  
20 supports that.

21 Exhibit 1 shows our hanger contract, and it's  
22 absolutely silent as to sales tax. During the, what was  
23 the BOE audit, they agreed that Jet Source resold fuel to  
24 Schubach and, therefore, regular sales tax was not  
25 assessed and those transactions were treated as resale.

1 The contract was absolutely silent as to the right of  
2 reimbursement.

3 CRTC 6012 provides that for purposes of sales  
4 tax, if the retailer has established to the satisfaction  
5 of the Board that sales tax has been added to the total  
6 amount of the sales price and has not been absorbed by  
7 them, the total amount of the sales price shall be deemed  
8 to be the amount received exclusive of the tax imposed.

9 Section 1656.1 of the Civil Code applies in  
10 determining whether or not retailers have absorbed the  
11 sales tax. Civil Code 1656.1 is very clear as to when a  
12 vendor is entitled to sales tax reimbursement and when an  
13 amount is deemed tax inclusive. Under 1656.1  
14 subsection (1), it says that tax reimbursement may be  
15 added if the agreement of sale expressly provides for the  
16 addition of sales tax reimbursement. Our hanger contract  
17 is absolutely silent as to sales tax. There's no mention  
18 of tax anywhere in Exhibit 1. And so our contract clearly  
19 doesn't provide for sales tax reimbursement consistent  
20 with 1656.1.

21 The second point is sales tax reimbursement is  
22 shown on the sales check or proof of sale. All of the  
23 invoices issued by Jet Source to Schubach have no sales  
24 tax listed. They list an amount for the fuel, but there's  
25 no separate line item for sales tax, nor is there any

1 language anywhere that says that the price is inclusive of  
2 either prepaid sales tax or other sales tax.

3 The third point under 1656.1 is the retailer post  
4 in his or her premises in a location visible to purchases  
5 or includes on a price tag or in an advertisement or other  
6 printed material directed to purchasers a notice to the  
7 effect, reimbursement for sales tax will be added to the  
8 sales price of all items or certain items, whichever is  
9 applicable. That did not occur either.

10 And then the final point is it shall be presumed  
11 the property, the gross receipts from the sale of which is  
12 subject to sales tax is sold at a price which includes tax  
13 reimbursement if the retailer posted in his or her  
14 premises or includes on a price tag or other advertisement  
15 one of the following notices: All prices of taxable items  
16 include sales tax reimbursement or the price includes  
17 sales tax reimbursement.

18 None of the criteria under 1656.1 were met by the  
19 invoices or contracts between Schubach and Jet Source. So  
20 I think that it is clear that no prepaid sales tax was  
21 invoiced to Schubach and, therefore, allowing them to take  
22 a prepaid credit for taxes that were paid by Jet Source is  
23 improperly allowing a third party credit for taxes that  
24 they were not the party to have paid. It's important to  
25 note that based on Civil Code Jet Source did not charge or

1 include sales tax on those sales. And there's no evidence  
2 to support prepaid sales tax was added or included in the  
3 Jet Source invoices.

4 I think that when we look at it, the contract  
5 with Jet Source and Schubach there's an argument that  
6 Schubach may have been charged too much, but it wasn't tax  
7 that they were charged. While the price may have been  
8 inclusive of the amounts that they paid to Epic, it was  
9 not invoiced nor inferred that tax was being charged to  
10 Schubach in any way.

11 During our hearing the CDTFA auditor denied our  
12 appeal based on his interpretation of California Revenue &  
13 Taxation Code 6480.1(d), where he says, "The petitioner is  
14 only allowed to claim a credit on it's Schedule G for  
15 sales taxes prepaid to vendors on fuel, which is  
16 subsequently sold at retail and is prohibited from  
17 claiming credits for sales taxes prepaid to vendors for  
18 fuel that is sold at wholesale."

19 A reading of the actual language of CRTC  
20 6480.1(d) does not contain any language that limits the  
21 petitioner's ability to claim a prepaid sales tax for  
22 wholesale sales. In fact, 6480.1(d) states that the  
23 amount of a prepayment paid by a retailer or a supplier or  
24 wholesaler who has consumed the motor vehicle fuel,  
25 aircraft jet fuel, or diesel fuel to the seller from whom

1 he or she acquired the fuel shall constitute a credit  
2 against his or her sales and use tax due and payable for  
3 the period in which the sale was made.

4 The statute provides the credit for the prepaid  
5 taxes is allowable against taxes due and payable for the  
6 reporting period. And the statutory language of 6480 does  
7 not limit the prepayment credit in the manner asserted by  
8 the Hearing Officer during our appeals. We believe that  
9 Jet Source did not meet the California Civil Code's  
10 requirement to support that the gross receipts billed to  
11 Schubach included sales tax, either as a separate line  
12 item or that it can be said that the price included the  
13 prepayment of sales taxes, and that Schubach was placed on  
14 notice that the price is being billed included sales tax.

15 We did not post any statement, nor did we inform  
16 them that taxes were included in that amount. Since  
17 California tax law is clear that a credit may be only  
18 taken for taxes paid by the company that actually paid the  
19 taxes to vendor, we believe there's no basis in the  
20 California Revenue & Taxation Code to allow a third party,  
21 such as Schubach, to claim a credit for taxes paid by Jet  
22 Source to its vendor Epic. It is clear that Jet Source  
23 paid Epic, and no tax was invoiced to Schubach by Jet  
24 Source.

25 For the reasons we just noted, Jet Source should

1 be allowed the credit claimed for the prepaid sales taxes  
2 that they paid to Epic and did not invoice to Schubach.

3 That's concludes my presentation.

4 JUDGE GEARY: This is Judge Geary. Thank you,  
5 Ms. Pass. Let me just check with my colleagues to find  
6 out if they have any questions.

7 Judge Tay, did you have any questions?

8 JUDGE TAY: I don't have any questions at this  
9 time. Thank you.

10 JUDGE GEARY: Thank you.

11 Judge Aldrich, do you have any questions at this  
12 time?

13 JUDGE ALDRICH: This is Judge Aldrich. I don't  
14 have any questions at the time.

15 JUDGE GEARY: Thank you. Judge Geary, speaking.

16 Mr. Smith, are you ready to give the Respondent's  
17 argument?

18 MR. SMITH: Yes.

19 JUDGE GEARY: You may proceed.

20

21 PRESENTATION

22 MR. SMITH: Good afternoon.

23 I'm Stephen Smith from the California Department  
24 of Tax and Fee Administration's legal division, and with  
25 me is Jason Parker. We believe this appeal should be

1 denied.

2 Appellant is a jet charter that makes retail and  
3 wholesale sales of jet fuel. It is undisputed that in all  
4 the transactions that are subject to this appeal,  
5 Appellant purchased jet fuel from a wholesaler, Epic  
6 Aviation, and made sales for resale of jet fuel to just  
7 one customer, Schubach Aviation, as shown in Exhibit A.

8 As relevant here, a supplier of jet fuel is  
9 required to prepay sales tax to CDTFA on its first  
10 distribution of fuel, and is required to collect a  
11 prepayment of a portion of the sales tax due for each  
12 gallon of fuel that the supplier sells to another seller.  
13 For subsequent sales, each seller other than the retailer  
14 also pre-collects sales tax. The retailer, who thereafter  
15 makes the retail sales of jet fuel, owes sales tax on the  
16 retail sales price of the fuel and is entitled to claim a  
17 credit against its sales tax liability for the sales tax  
18 prepaid to its vendor in the period in which the retail  
19 sale is made.

20 Pursuant to subdivision (d) of Revenue & Taxation  
21 Code Section 6480.1, the only person who can claim a  
22 credit against its sales or use tax liability for the  
23 sales tax prepaid to its vendor is a person who actually  
24 has a tax liability. Typically, that is a retailer who  
25 claims the credit against their sales tax liability for

1 the retail sale of the fuel. But it can also be a  
2 supplier, wholesaler, or retailer who consumes fuel and,  
3 thus, has a use tax liability.

4 Here there's no dispute that Appellant regarded  
5 its sale to Schubach Aviation as nontaxable sales for  
6 resale and that Schubach Aviation reported and paid sales  
7 tax or use tax with respect to the fuel in question.  
8 Because Appellant reported and paid no tax with respect to  
9 the fuel in question, there's no tax against which  
10 Appellant can claim a credit. If Appellant were allowed  
11 to claim a credit for the fuel in question when the  
12 Appellant did not pay tax with respect to that fuel,  
13 Appellant wouldn't subsequently receive a refund of tax it  
14 never paid. Accordingly, Appellant is not entitled to  
15 claim the credit against its nontaxable sales to Schubach.

16 Further, Exhibit E shows that contrary to  
17 Appellant's contentions, Appellant collected an amount  
18 that included prepaid sales tax from Schubach. The  
19 invoices contained in Exhibit E show that Appellant  
20 purchased fuel from Epic Aviation for a price that  
21 included a line item for prepaid sales tax, and that same  
22 fuel was then sold to Schubach Aviation for the exact same  
23 price.

24 While Appellant sales invoices to Schubach  
25 Aviation did not include a separate line item for prepaid



1 sales tax, the sales price Appellant charged Schubach for  
2 the fuel fully reimbursed Appellant for the prepaid sales  
3 tax it paid to Epic Aviation. That is why the Department  
4 concluded that Schubach paid an amount that included  
5 prepaid sales tax and allowed Schubach's reported credit  
6 of prepaid sales tax against its reported sales and use  
7 tax liability for the fuel in question.

8 Even if for the sake of argument it were the case  
9 that Appellant did not collect sales tax prepayment from  
10 Schubach, Appellant would still not be entitled to the  
11 credit because Appellant did not make retail sales or  
12 consumption of the fuel in question and does not have a  
13 sales or use tax liability that it can take a credit  
14 against.

15 Again, subdivision (d) of section 6480.1 provides  
16 that the only person who can claim a credit against its  
17 sales or use tax liability for the sales tax repaid to its  
18 vendor is a person who has an actual tax liability.

19 Consistent with subdivision (c) of Section 6480.1 provides  
20 that a wholesaler may claim a credit for prepaid sales tax  
21 for fuel it self-consumes, but only if the wholesaler  
22 reports and pays use tax to CDTFA on the consumption of  
23 that fuel.

24 Because it is undisputed that Appellant did not  
25 report and pay tax with respect to the transactions at

1 issue, Appellant cannot claim the credit. Therefore, this  
2 appeal should be denied.

3 Thank you.

4 JUDGE GEARY: Thank you, Mr. Smith. Let me just  
5 check with my colleagues again.

6 Judge Aldrich, do you have any questions of  
7 Respondent?

8 JUDGE ALDRICH: This is Judge Aldrich. I don't  
9 have any questions for Respondent. Thank you.

10 JUDGE GEARY: Judge Tay, do you have any  
11 questions for Respondent?

12 JUDGE TAY: This is Judge Tay. I have no  
13 questions.

14 JUDGE GEARY: Thank you. Judge Geary again.

15 Ms. Pass, you can give a brief rebuttal if you  
16 would like to. Would you like to?

17 MS. PASS: I would.

18 JUDGE GEARY: You may proceed.

19

20 CLOSING STATEMENT

21 MS. PASS: Mr. Smith notes that you're only  
22 entitled to a credit if you self-consume the fuel or you  
23 charge tax. The prepaid fuel statutes provide that you  
24 may also take a credit when you sell it for an exempt use.  
25 There are sales to the State of California and others

1 where if you had prepaid the tax, you are allowed to take  
2 the credit even though your subsequent sale is exempt.  
3 And so, therefore, it is not limited to only retail sales  
4 as Mr. Smith has stated.

5 I think it's undisputed that we did not  
6 procedurally do things correctly, but I still do not think  
7 that it is correct to say that we charged Schubach prepaid  
8 sales tax since the Civil Code requirements were not met.  
9 I think from a contractual standpoint, we have overcharged  
10 Schubach, and they have a civil position, had it been in  
11 statute, to request a refund of the amount overcharged.  
12 But to impute that it was sales tax that they actually  
13 paid, rather than they were invoiced too much money, since  
14 we did not actually have the ability nor did we charge  
15 prepaid tax, is an incorrect interpretation of our  
16 invoices and misstates the facts and the invoices  
17 themselves.

18 The State is imputing because we overbilled  
19 Schubach that, therefore, we must have charged them tax.  
20 But the law is very clear as to when taxes seem to have  
21 been charged or included. And Jet Source's invoices to  
22 Schubach do not meet those requirements. And, therefore,  
23 it is unreasonable to assert that those amounts included  
24 tax when we don't meet the requirements to have taken a  
25 credit or tax-included invoices.

1           We did overcharge Schubach, and that is, you  
2 know, undeniable. But it's whether or not we can say  
3 those amounts are sales tax just because that's the amount  
4 we overcharged them by. We did not put them on notice nor  
5 were they told that sales tax was charged. And so they  
6 should not been allowed credit for it.

7           We should have been allowed the credit for those  
8 taxes. And we believe it isn't limited solely to  
9 retailers because there are provisions for a prepaid  
10 credit for those who are selling fuel in an exempt manner  
11 after they purchase it at wholesale. It's not just for  
12 retail sales and consumers.

13           And that concludes my rebuttal.

14           JUDGE GEARY: This is Judge Geary. Thank you,  
15 Ms. Pass.

16           Again I'll ask my colleagues if they have any  
17 questions.

18           Judge Aldrich, do you have any questions?

19           JUDGE ALDRICH: This is the Judge Aldrich. No  
20 questions. Thank you.

21           JUDGE GEARY: Thank you. Judge Geary again.

22           Judge Tay, do you have any questions?

23           JUDGE TAY: This is Judge Tay. No, I don't think  
24 I have any questions. Thank you.

25           JUDGE GEARY: Judge Geary. I have a couple of

1 questions, one or two questions. Ms. Pass, looking at the  
2 hanger lease agreement, it provides that Schubach and Jet  
3 Source were going to purchase fuel together. I think the  
4 words are that Schubach agreed to purchase fuel in  
5 conjunction with the landlord, the landlord being Jet  
6 Source. What does that language mean? What did it mean  
7 to your client?

8 MS. PASS: It meant that it was going to sell  
9 fuel that was held in the Jet Source tanks to its tenant,  
10 Schubach. The original one was that Schubach was going to  
11 purchase their own fuel direct and, instead, they chose to  
12 purchase it from Jet Source.

13 JUDGE GEARY: Judge Geary again. So rather than  
14 changing the contract to indicate that occupants agreed to  
15 purchase fuel from Jet Source, somebody decided to put,  
16 "Occupants agreed to purchase fuel in conjunction with Jet  
17 Source." You're saying that the two things that I just  
18 said mean the same things, or at least did to your client?

19 MS. PASS: To our client they treated it as if  
20 they were making sales for resale to Schubach. They  
21 didn't look at it that they were making joint purchases.  
22 They treated those as sale, and they invoiced Schubach for  
23 each and every purchase. Whereas, if they were treating  
24 it as each one was buying it together, then there would be  
25 no need for them to be invoicing Schubach. They would

1 just allocate the purchases without invoices. But from an  
2 accounting standpoint, those transactions with Schubach  
3 were treated as sales, and invoices were issued revenue  
4 was booked, not that they each purchased a segment of the  
5 fuel.

6 JUDGE GEARY: Okay. Judge Geary again. Thank  
7 you. You were talking about overcharges, or there may  
8 have been overcharges. Jet Source paid a certain amount  
9 for the fuel, paid the prepaid sales tax on the fuel, and  
10 billed that exact same amount to Schubach when Schubach  
11 purchased fuel from Jet Source; is that correct?

12 MS. PASS: That is correct.

13 JUDGE GEARY: And Judge Geary again. The hanger  
14 lease agreement, I think, indicates that Jet Source would  
15 be allowed to charge a pumping fee or something like that,  
16 in addition, to collecting its -- its cost of the fuel  
17 itself. Is that fair that it said it was going to collect  
18 a pumping fee -- I think it was a pumping fee, something  
19 like that; correct?

20 MS. PASS: Yes, that's correct.

21 JUDGE GEARY: What was the pumping fee amount?

22 MS. PASS: It was \$0.25 per gallon if they  
23 purchased under 60,000 gallons per calendar month, and  
24 \$0.35 per gallon if they purchased less than 60,000  
25 gallons per month.

1           JUDGE GEARY: Thank you. And this is Judge Geary  
2 again. In your arguments about possible of overcharging,  
3 your argument is that -- is that Jet Source overcharged  
4 Schubach a pumping fee, which just happened to be equal to  
5 the sales tax that had been prepaid?

6           MS. PASS: No. No. The pumping fee is separate.  
7 That is something we're entitled to. If you look at --  
8 and I think the hanger lease is fairly -- it isn't  
9 terribly fair that it must be sold at cost. And it  
10 clearly doesn't address any type of taxes. But if one  
11 were to make the argument that they were supposed to sell  
12 it at cost, and that's not really all that clear in the  
13 language here, then that prepaid sales tax either should  
14 have been line item invoiced, which it wasn't, or the fuel  
15 should have been invoiced at an amount excluding the tax  
16 that they had paid to Epic.

17           But they grossed it up to include that amount  
18 that they paid to Epic because that's how Schubach looked  
19 at -- that's how Jet Source looked at that was their cost  
20 to acquire that fuel. I think a reasonable person, if the  
21 two parties were sitting down, would say the amount we  
22 should have paid you should have been net of that prepaid  
23 amount. And, therefore, Jet Source should have refunded,  
24 potentially, that amount.

25           I think that is a civil matter between the

1 parties. But, potentially, they may have been liable to  
2 reimburse Schubach for that amount. But I don't think  
3 that the State can step in and say we're going to treat  
4 that as tax, and we're going to allow Schubach to take the  
5 credit for taxes that were paid by Jet Source and not  
6 Schubach.

7 JUDGE GEARY: Thank you. Judge Geary.

8 MS. PASS: And whether --

9 JUDGE GEARY: Go ahead. I'm sorry. Can you say  
10 that again? I thought you were done. Go ahead and say  
11 that again.

12 MS. PASS: I'm sorry. In no other type of  
13 transaction would they allow a third-party to take credit  
14 for taxes that were paid by the vendor in this matter.  
15 The CDTFA is imputing that the amount was charged as tax  
16 and, therefore, allowing the third party to take a tax  
17 credit. But the invoices Epic issued, as well as the  
18 invoices that Jet Source issued to Schubach, are clear  
19 that the only party that actually paid tax as listed, was  
20 Jet Source to Epic. There was no tax charged or paid from  
21 Jet Source on the invoices to Schubach and, therefore, no  
22 credit should have been allowed to Schubach.

23 JUDGE GEARY: Thank you. This is Judge Geary  
24 again. Just to follow up on something you said. You said  
25 that the pumping fee was something entirely separate. Are



1 you saying that in addition to the price that appeared on  
2 the invoices between Jet Source and Schubach, that Jet  
3 Source separately billed and invoiced a pumping fee?

4 MS. PASS: I believe the amount on the invoices  
5 is inclusive of the pumping fee.

6 JUDGE GEARY: Okay. Thank you. Those were all  
7 the questions that I have. Let me just make sure, open it  
8 up to my colleagues again.

9 Judge Tay, do you have any questions?

10 JUDGE TAY: I have no questions at this time.  
11 This is Judge Tay. Thank you.

12 JUDGE GEARY: Thank you. Judge Geary again.

13 Judge Aldrich, do you have any questions?

14 JUDGE ALDRICH: Hi. This is Judge Aldrich. No  
15 questions. Thanks.

16 JUDGE GEARY: Thank you.

17 All right. Bear with me a moment. This  
18 concludes the oral argument in this case. Let me just  
19 confirm with Ms. Pass.

20 Does your client submit the matter for decision?

21 MS. PASS: We submit the matter for decision.

22 JUDGE GEARY: Thank you.

23 And, Mr. Smith, does CDTEFA submit the matter for  
24 decision?

25 MR. SMITH: Yes, we submit the matter for

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submission.

JUDGE GEARY: This case is submitted on June 15th, 2021, at approximately 2:25 p.m. The record in this appeal is now closed.

I want to thank everyone for participating. In the coming weeks the panel will meet to consider the matter, and we will issue and mail to you a written opinion within 100 days.

Today's hearing in the appeal of Jet Source, Inc., is now adjourned. For the benefit of -- let's go off the record please, Ms. Alonzo.

(Proceedings adjourned at 2:25 p.m.)

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HEARING REPORTER'S CERTIFICATE

I, Ernalyne M. Alonzo, Hearing Reporter in and for the State of California, do hereby certify:

That the foregoing transcript of proceedings was taken before me at the time and place set forth, that the testimony and proceedings were reported stenographically by me and later transcribed by computer-aided transcription under my direction and supervision, that the foregoing is a true record of the testimony and proceedings taken at that time.

I further certify that I am in no way interested in the outcome of said action.

I have hereunto subscribed my name this 6th day of July, 2021.

\_\_\_\_\_  
ERNALYN M. ALONZO  
HEARING REPORTER