

M e m o r a n d u m**190.0720**

To: San Jose – Dist. Prin. Aud

Date: August 30, 1965

From: Tax Counsel (GAT)

This is in reply to your letter of August 19.

It is our understanding that taxpayer has a contract to supply reinforcing steel used in the construction of concrete buildings in the following manner:

The building contractor constructs forms for concrete-slab walls at the jobsite. The forms are in a horizontal position. The taxpayer places reinforcing steel in the forms and the prime contractor pours concrete into the form, covering the reinforcing steel. When the concrete is hardened, the prime contractor removes the forms and sets the slab in a vertical position in its final resting place.

Inasmuch as the concrete slabs are not in their final resting place when taxpayer places the reinforcing steel, it is our opinion that he is not installing steel in the construction of a wall but, rather, is fabricating a concrete slab. Accordingly, his entire charges are subject to sales tax.

GAT:o'b [1b]