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**STATE BOARD OF EQUALIZATION**

March 30, 1954

Mr. B--- T---  
D--- T--- R--- D--- Co.  
XXX --- ---  
--- --- XX, California

Your letter of March 22

Account No. S- -- XX XXXXXX

Dear Mr. T---:

We understand that you are engaged in the business of furnishing and installing remote control doors and door operating equipment. We are returning the two invoices, one on which the State sales tax reimbursement is computed on the total of separately stated charges for one rotary arm operator with single car control (\$260.00) and a \$50.00 installation charge. On the other invoice the reimbursement is computed only on the separately stated charge for the rotary arm operator.

Under the California Sales and Use Tax Law, separately stated installation labor charges are exempt and therefore State sales tax reimbursement should not be computed on such charges.

For your reference we are enclosing Sales and Use Tax Ruling 11. It would appear that door operating equipment, when installed by you, constitutes a "fixture" as defined in that ruling. Therefore, the measure of your sales tax liability with respect to such equipment is governed by that portion of Ruling 11 entitled "Fixtures Furnished and Installed by Contractors". Since you separately state installation charges rather than merely make a total lump-sum charge, the fair retail selling price is apparently, in your example, \$260.00. Furthermore, any equipment installed by you in an automobile where the charge therefore is included in the \$260.00 amount would be a straight sale of tangible personal property. It is for the above reasons that the \$260.00 charge is taxable.

If any of your contracts will call for the furnishing and installation of doors and door hardware, these items are considered to be "materials" under Ruling 11. As indicated in that ruling, contractors are normally regarded as consumers of materials used in fulfilling construction contracts rather than as retailers thereof. However, if, where you furnish and install doors and door hardware, you bill your customer for those items in a manner similar to the method which you enclosed, you are regarded as the retailer of these items as well. See in this connection the second paragraph of that portion of Ruling 11 entitled "Materials Used by Contractors".

Mr. B--- T---

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March 30, 1951  
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This Board does not administer the various city sales taxes and therefore we are unable to inform you concerning the propriety of determining the application of city taxes in an identical manner.

If you have any further questions, please advise.

Yours very truly,

Bill Holden  
Assistant Counsel

BH:JA

cc: San Francisco - Auditing