



STATE BOARD OF EQUALIZATION

January 29, 1957

K--- Company
XXX --- Way
--- XX, California

Attention: Mr. R. W. B---
Assistant Plant Accountant

Re: SS -- XX XXXXXX

Gentlemen:

Your letter of January 24 addressed to Honorable James H. Quinn, Member of this Board, has been referred to me for reply.

You state that you are a subcontractor on the new --- --- Building in [California], anticipating commencing shop fabrication about March 15 and expect to complete the installation of the job by the end of October. You inquire as to the time sales tax becomes payable.

It appears from a review of your file that you are primarily a contractor for the furnishing and installation of aluminum and stainless steel store front moldings. In the performance of such contracts or subcontracts, you are the consumer of "materials" as defined in Ruling 11, copy enclosed. Assuming that you have purchased such materials for resale, without reimbursing your vendor for sales tax or without paying use tax, your liability under the Sales and Use Tax Law is for use tax which liability arises in the reporting period in which you take such material from stock for use in performing a construction contract. As you are on a quarterly reporting basis, you should include in your tax return the purchase price of all materials appropriated to the contract by withdrawal from stock purchased for resale during the period covered by the return. You should not wait until the job is complete before paying tax with respect to material withdrawn for use if the reporting date for the quarterly period occurs before the job is completed.

In the event you also furnish and install "fixtures" within the meaning of Ruling 11, you are regarded as selling the fixtures as of the date you install them. Therefore, you should report and pay tax with respect to fixtures for the quarterly period in which you make the installation.

Very truly yours,

E. H. Stetson
Tax Counsel

EHS:ds

Enclosure

cc: --- -- Compliance
Honorable James H. Quinn