



STATE BOARD OF EQUALIZATION

1472 Wrapping and packing of merchandise held for future delivery.
0857 Charge for wrapping and packing by seller ordinarily taxable.

November 3, 1950

Dear

With apologies for the delay, this is in answer to the question asked in your letter dated July 21, 1950, regarding the application of the sales tax to charges for wrapping and packing for shipment of merchandise previously ordered but held by the printer for future delivery.

In the ordinary sale no deduction is allowable to the retailer on account of the cost of wrapping and packing the goods sold, whether or not such a charge is separately stated. While we understand the fact that in the case presented the wrapping is performed after the job has been completed and billed, we are of the opinion that title probably does not pass until actual shipment is made in which case we find no basis to classify the charge for wrapping and packing as other than "services that are a part of the sale", within the meaning of Section 6012 of the Sales and Use Tax Law, defining gross receipts to include such services.

Could it be established that title to the merchandise passed to the buyer at the time of completion of the printing order and that thereafter the printer merely held the merchandise as bailee, the later additional charge for wrapping and packing could be considered nontaxable, except as to that portion representing the sales price of the wrapping or packing material furnished. Such material is, of course, regarded as sold along with the merchandise, and since the original billing did not include the sales price of this merchandise it would necessarily be included as a part of the subsequent billing for wrapping and packing.

Very truly yours,

E. H. Stetson
Tax Counsel

EHS:ph

cc: