

M e m o r a n d u m**330.4110**

To: District Principal Auditors

Date: June 11, 1990

From: Glenn A. Bystrom
Principal Tax Auditor

Subject: Leases of Scaffolding

To ensure statewide consistency, I would like to reaffirm how tax applies to leases of scaffolding.

It is important to first recognize the distinction between: (1) leases by manufacturers or those who alter or fabricate scaffolding parts; and, (2) leases by those who purchase the component parts and lease and erect them without physically altering the individual parts.

Rental receipts from leases by manufacturers or fabricators are generally taxable since the scaffolding is not leased in substantially the same form as acquired. However, where the lessor makes no changes to the component parts (e.g. welding, cutting, etc.), the components will be considered leased in the same form as acquired, even though the components may be assembled in different configurations for different customers.

A tax information article on this subject is being prepared for inclusion in a future issue of the Tax Information Bulletin. Should you have any questions regarding this matter, please let me know.

GAB:gjm
013F

cc: Ms. Judy Agan
Mr. Robert Nunes
Mr. Donald Hennessy
Headquarters Audit Supervisors

Memorandum

330.4110

To: Mr. Glenn Bystrom

Date: July 10, 1996

From: Gary Jugum

Subject: Non-Attorney Opinions

I have reviewed your memorandum of June 11, 1990 to District Principal Auditors.

We are in agreement with his conclusion, as follows:

Regulation 1660

Scaffolding. Rental receipts from leases of scaffolding by manufacturers or fabricators are generally taxable since the scaffolding is not lease in substantially the same form as acquired.

On the other hand, where the lessor makes no changes to the component parts (e.g. welding, cutting, etc.), the components will be considered leased in the same form as acquired, even though the components may be assembled in different configurations for different customers.
6/11/91, 7/10/96.

Gary Jugum
By MB