

Memorandum

425.0744

To: Mr. Stan Rose – Oakland District (Auditing)

Date: March 6, 1991

From: John L. Waid
Tax Counsel

Subject: B--- H--- C--- Corp. (N--- Div.)

Enclosed is a copy of the opinion letter regarding artificial heart systems which we discussed during our telephone conversation on March 5, 1991. It appears to stand for the proposition that where a prosthesis consists of several inter-dependent components, the system must be considered as one item and that entire item must be worn on the person of the patient, in order for the sale of the system to be exempt from sales and use tax under Regulation 1591(b)(5). The N--- system, as you described it, does not appear to meet that definition.

JLW:es
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Enc.