

# STATE BOARD OF EQUALIZATION

## OFFICE CORRESPONDENCE

**295.0740**

Place: Sacramento  
Date: May 15, 1950

To: Mr. T. A. Valentine

From: R. G. Hamlin

Re: Undersealing Automobiles

You have inquired with respect to the application of the tax to a new car dealer's charge for undersealing new automobiles before delivery to the purchaser.

You are advised that it is our opinion that the sales tax applies to the total charge made for new automobiles without any deduction on account of the cost of labor and material in "undercoating" the automobile. The dealer, however, would be entitled to take a deduction for tax-paid purchases resold in the amount of the cost price of material purchased tax-paid and applied to the charge.

If the work is done on used cars belonging to the customer, we believe that the tax would properly apply upon the cost price of the materials used, the persons performing the work being regarded as the consumers.

RGH:HB