



STATE BOARD OF EQUALIZATION

May 6, 1954

Your letter of April 8
Account No.

Attention:
Office Manager

Dear Mr. ---:

You inquire concerning the application of the sales tax when you remove some of the original parts from a customer's automobile and send them to a plating works for rechroming.

This is a repair operation and therefore governed by Ruling 26 (copy enclosed). We assume that neither you nor the plating company breaks down the price between labor and materials. We assume further that the value of the plating solution is insignificant in relation to the total charge. If our assumptions are correct, the transaction is governed by the second paragraph of Ruling 26. The effect of this ruling then is that the plating company is the consumer of the materials used and it is regarded as performing a service for you and not making a sale. Likewise, you are regarded as performing a service for your customer and not making a sale.

Accordingly, the tax does not apply to the charge made to your customer nor does it apply to the charge made by the plating works to you. You should neither reimburse the plating company for sales tax nor issue a resale certificate to the plating company.

Yours very truly,

Bill Holden
Assistant Counsel

BH: ja
cc: San Jose - Auditing