



STATE BOARD OF EQUALIZATION

October 21, 1955

Your letter of June 20

V--- S---
XXXX --- --- Boulevard
--- --- X, California

F-X-XXXXXX

Attention: Mr. B. F. C---
General Manager

Gentlemen:

You inquire concerning the application of tax to a transaction in which for a lump-sum price you replace the picture tube in a used television set, overhaul the rest of the set, install new parts where needed, and guarantee all parts and labor for one year.

It is our opinion that you are the retailer of whatever parts are furnished, whether furnished originally or pursuant to the warranty. However, the transaction also involves exempt repair labor. Accordingly, sales tax applies to the sale price of the parts. Since the transactions are for a lump sum to include both taxable parts and exempt repair labor, we believe that the most satisfactory method of establishing the sale price of the parts is to regard them as sold at the fair retail price. It is suggested that the fair retail price of the parts furnished can be established by consultation with a representative of our San Diego office, 3621 5th Avenue, telephone Cypress 6-6211.

Very truly yours,

Bill Holden
Assistant Tax Counsel

BH:tj

cc: --- --- – Auditing:

It would be advisable to meet with this taxpayer and work out an acceptable procedure for establishing the fair retail price of the parts.