



STATE BOARD OF EQUALIZATION

January 8, 1952

Mr. J--- D--- P---
XXX --- Street
--- ---, California

Attention: E. E---, Bookkeeper

Dear Mr. P---:

This is in answer to your letter dated December 26, 1951, regarding the tax applicable to the sale of "underseal".

If the work is done on used cars belonging to the customer, the person doing the work is regarded as the consumer of the materials, undersealing in this case, used thereon. Therefore, tax would apply to the cost price of the materials used by the person performing the work.

Accordingly, tax is applicable to the sale of "underseal" to you and is not applicable to the charge made your customer for undersealing his automobile.

Where a dealer undercoats a car which is to be sold we regard the tax as applicable to the full sales price of the car, without deduction on account of the cost of labor and materials used. In this instance, however, the dealer would be entitled to take a deduction for tax-paid purchases resold in the amount of the cost price of the materials purchased tax paid and applied to the car.

Very truly yours,

E. H. Stetson
Tax Counsel

TMH:ja