September 21, 1965

Gentlemen:

This is in reply to your letter of September 13 addressed to "H". This letter has been referred to this office for reply by [redacted] of our [redacted] Headquarters office. You ask whether under five enumerated circumstances the sale to "F" of aircraft and aircraft parts will be subject to the California sales tax.

Question No. 1 involves the sale of aircraft which are exempt when the sale is made to persons using the aircraft as common carriers of persons or property under the authority of the laws of this state, the United States, or any foreign government. The remainder of the questions deal with the sale of aircraft parts and accessories, and engines, delivered in California, but for use outside California. There is no exemption of sales of these articles even though they are to be utilized on aircraft operating in interstate or foreign commerce. The application of the tax is governed basically by the provisions of sales and use tax Ruling 55, Interstate and Foreign Commerce.


In our telephone discussion of today, you indicate that you have certain conversion work done in California consisting of the change-over of a piston-type aircraft to a jet-type aircraft, which also involves certain other changes. As I indicated to you, we have in the past taken the position that the conversion of a piston-type aircraft to a jet aircraft is not such an extensive change as amounts to the manufacture or fabrication of a new aircraft. It is a repair, reconditioning or modification of an existing aircraft, and we have held the tax to apply to the sale price of the parts, materials, and equipment entering into the repair, reconditioning or conversion.

If you wish to do so, you may request a letter ruling from us on a specific statement of facts should you desire to obtain such a ruling. I find that our position as I have stated it with respect to the change-over from piston-type to jet aircraft did not result in the issuance of a digest of a ruling, as is often the case, but was simply the action taken in a particular matter without being the subject of a published ruling.

Very truly yours,

E. H. Stetson
Tax Counsel

EHS:fb [1b]