



STATE BOARD OF EQUALIZATION

June 2, 1953

Gentlemen:

You inquire concerning the application of sales tax to your activities in connection with altering and repairing rugs.

As indicated in Sales and Use Tax Ruling 15 (copy enclosed) charges for producing, fabricating, or processing tangible personal property for consumers who furnish the materials used are subject to sales tax. In the case of used articles, it has been our interpretation that merely cleaning, reconditioning, repairing, or restoring the property to its original condition is not taxable fabrication. If, however, the property is substantially changed in form, the work is taxable fabrication and all charges in connection therewith are taxable.

Merely reducing the size of a rug is not taxable fabrication. But making two rugs out of one or one rug out of two is taxable fabrication.

When your charges for fabrication are taxable, your charges for cleaning, finishing raw edges, and removing or adding fringe are also taxable. But charges for cleaning, finishing edges, or removing or adding fringe in connection with repair or reconditioning work are not subject to sales tax.

Yours very truly,

Bill Holden
Junior Counsel

BH: ja
cc: Pasadena - Auditing