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**STATE BOARD OF EQUALIZATION**

August 15, 1951

M--- T--- B--- Company  
XXXX --- Avenue  
---, California

Attention: Mr. C. D--- E---  
-- XXXXXX

Gentlemen:

This is in reply to your letter of July 31 enclosing a copy of your letter of March 29. We regret that this letter apparently went astray as we can find no record of it in our files.

Answering the questions asked in this letter, we advise that, in our opinion:

Sales tax applies to charges for installing bodies, new or used, on new chassis. Even if the chassis is furnished by the customers, we believe the proceeds of the transaction constitute gross receipts from a sale, defined by Section 6006(c) of the Sales and Use Tax Law as including:

“The producing, fabricating, processing, printing, or imprinting of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the producing, fabricating, processing, printing, or imprinting.”

Tax does not apply to the charge for changing an old body from one old chassis to another old chassis. Tax is, however, due upon the fair retail value of the tie-down bolts furnished.

Tax applies to the entire charge for placing a body on a new chassis without deduction for the cost of straightening dents, painting, etc. These appear to be a part of the processing operation, taxable because of the provisions of Section 6006(c) above referred to. Tax applies to charges for painting the cab of a new chassis for like reasons.

Tax does not apply to the charge for painting an old or used body and chassis. If you furnish the paint, tax applies to the cost of the paint to you.

Tax does not apply to charges for lettering on trucks or truck bodies unless the lettering is performed prior to the sale of the truck or body. In such a case the cost of the lettering cannot be deducted from gross receipts subject to tax. If the truck or body belongs to your customer, your charges for lettering are not taxable.

Tax does not apply to charges for the labor of narrowing a cab belonging to your customer, if this amounts merely to an alteration of the shape of the cab and does not result in a substantial change in form and kind.

Tax applies to the fair retail selling price of the parts and materials furnished in making repairs. The first paragraph of Sales and Use Tax Ruling 26, copy enclosed, requires that the repairer shall segregate the selling price from the charges for repair labor or installation. You may use such method in determining the fair retail selling price as you deem most accurate, but in any event your tax returns are subject to audit to determine if the correct amount of tax is reported thereon.

Very truly yours,

E. H. Stetson  
Tax Counsel

EHS:ph

cc: Wm. R. Thomson



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STATE BOARD OF EQUALIZATION

June 10, 1975

Mrs. P--- A---  
E--- F--- & C---  
Certified Public Accountants  
XXXX --- Avenue  
---, California XXXXX

Dear Mrs. A---:

This is in response to your letter of June 5, 1975

It has been the position of the State Board of Equalization since at least December 4, 1950, that sales tax does not apply to charges for lettering signs on trucks or automobiles, whether new or used.

Very truly yours,

Gary J. Jugum  
Tax Counsel

**STATE BOARD OF EQUALIZATION**

916/445-6557

October 2, 1985

Mr. L--- N---  
L--- L---  
XXXX --- Road  
---, CA XXXXX

SR -- XX XXXXXX

Dear Mr. N---:

This is in reply to your letter of August 21, 1985, requesting our opinion as to the application of tax to various situations you encounter in your sign lettering business.

(1) Lettering or pinstriping on new or used automobiles, trucks and trailers. Sometimes for advertising purposes and sometimes not.

Tax does not apply to your charge to the customer for this type of job. Tax does apply to your purchase and use of the paint. You should pay tax reimbursement to your supplier when you purchase the paint, or alternatively, if you purchase the paint without tax, you should report the cost of the paint on line two of your sales and use tax returns.

(2) Lettering and pinstriping on new or used boats, sometimes for advertising purposes and sometimes not.

Tax applies in the same manner as in (1) above, with one exception. If the boat is a "watercraft" used for the purposes listed in subdivision (a) of Regulation 1594 (copy attached), tax does not apply either to your charge to the customer or to your purchase of the paint. If you claim an exemption on this ground, you should be sure to obtain from the customer a watercraft exemption certificate in the form specified by the Regulation.

(3) Reconditioning or "touch-up" work on old signs, mailboxes and similar items.

Tax applies in the same manner as in (1) above.

(4) Painting new lettering or designs on new or old signs, mailboxes and similar items.

If the item to be painted is affixed to land, a building or other real property at the time of painting, tax applies in the same manner as in (1) above.

If the item is not affixed to real property at the time of painting, tax does not apply to your purchase or use of the paint. However, tax does apply to your entire charge to the customer, unless there is some independent basis for exemption (e.g., sale for resale).

(5) Both "touch-up" and painting new designs or words on an old sign.

Tax applies as in (4) above.

We hope the foregoing has answered all your questions. If not, please feel free to call or write the undersigned directly.

Very truly yours,

James E. Mahler  
Tax Counsel

JEM:ba

# Memorandum

435.0240

To: Mr. Gary J. Jugum

Date: April 17, 1986

From: Donald J. Hennessy

Subject: Lettering On Trucks Or Automobiles

This subject is an old favorite. I am attaching a copy of your memorandum of June 10, 1975, which was most recently reaffirmed in Jim Mahler's October 2, 1985 opinion (copy also attached). The result is that, whether the vehicle is new or used, tax does not apply to the charge for lettering.

Now I find the fifth paragraph of Annotation 435.0240 (copy of the backup letter attached). I assume we want to stay with the opinion in your June 10, 1975 letter, but pulling either all of Annotation 435.0240, or even just the fifth paragraph, out of the tax service will draw attention to an old decision that is hard to rationalize. May we briefly discuss this?

DJH:rar

Attachments