



STATE BOARD OF EQUALIZATION

May 21, 1954

Gentlemen:

You inquire concerning the application of sales tax to your fabrication labor.

We enclose a copy of Ruling 15 which states the application of tax to fabrication labor. Sales tax does not, however, apply to the amount charged for labor or services rendered in installing or applying property sold.

In selling the trailer hitch, you state that you start from scratch building the hitch as you go right on to the car. If it were a new car, we would consider that you were completing the manufacture of the car and your charge for labor would therefore be taxable as a charge for fabrication labor. Where the car is not new, you are not regarded as completing the manufacture of the car and it is therefore necessary to distinguish between fabrication and installation labor.

Where the trailer hitch is built into the automobile piece by piece, you would be regarded as selling the individual pieces and the labor of attaching them to the automobile would be installation labor and exempt. If the trailer hitch were preassembled, the only exempt labor would be that of attaching the assembled hitch to the car.

Yours very truly,

Bill Holden
Assistant Counsel

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cc: San Diego - Auditing