



STATE BOARD OF EQUALIZATION

August 7, 1956

Mr. S--- G---
W--- C--- J--- Company
XXX XXth Street
--- XX, California

Account No. C-XXXXX

Dear Mr. G---:

In accordance with the understanding at the recent conference attended by Mr. Harry L. Say, Sales Tax Administrator, yourself, and other interested parties, this is to set forth our position respecting the application of the sales tax to charges for the engraving of jewelry and similar merchandise.

Charges for engraving jewelry before it is sold are not deductible from gross receipts subject to sales tax. If the engraving is done after the sale, the tax, in our opinion, applies to the engraving charges unless done so long after the sale as not to be regarded an essential part of or closely connected with the sale and the goods, in the meantime, have become used goods. We base our opinion upon Section 6006(b) of the Sales and Use Tax Law which defines a sale to include the producing, fabricating, processing, printing, or imprinting of materials furnished by customers. We do not, however, regard this as applicable to charges for engraving on customers' used merchandise. Rulings 15 and 24, copies enclosed, should be noted in this connection.

Very truly yours,

E. H. Stetson
Tax Counsel

EHS:fb

cc: Mr. L. S. C---