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**STATE BOARD OF EQUALIZATION**

916-324-8208

January 10, 1992

X-----

Re: Application of Sales Tax to Fitting Charges

X-----

Dear X-----,

Your letter dated September 25, 1991 concerning fitting charges has been forwarded to me for a response. According to your letter and the information in our file, the facts are as follows:

X----- sells art materials and operates a picture framing business. It appears from a price list attached to your letter that X----- subcontracts the framing jobs to X----- which provides and assembles frames, glass, mats, canvass, moldings, and other framing materials for X----- charges its customers for each of these items and for "fitting" and "special fitting" charges which are described on the price list from X-----.

"A. FITTING: Fitting is the labor charge for assembling all regular pictures, paintings, needlework, etc. into a frame.

"B. SPECIAL FITTING: Fitting other items as follows:

1. Unfitting and refitting of previously framed pictures.
2. Shadow boxes
3. Pictures with fillet strips to hold glass off of pictures.
4. Turnbuttons or easel backs (plus .25 per turnbutton).
5. Mirrors over 16 x 20 in size.
6. Frames needing extra bracing or support bars.

7. Cutting down customer owned frame.”

On your return for the first quarter of 1991, you claimed a deduction for nontaxable repair and installation labor in the amount of \$4,454.00. When the Board questioned this deduction, you explained in your letter that this amount was for the fitting labor.

Sales tax is measured by the gross receipts from the retail sales of tangible personal property. Rev. & Tax. Code § 6051. “Gross receipts” mean the total amount of the sale price of the retail sales of retailers, valued in money, without any deduction for the cost of the materials, used, labor or service cost, or any other expense. Rev. & Tax. Code § 6012(a)(2). Gross receipts do not include, however, the price received for labor or services used in installing the property sold. Rev. & Tax. Code § 6012(c)(3). Charges for fabrication labor are subject to sales tax even if the customer provides some of the materials used to perform fabrication. Rev. & Tax. Code § 6006(b) and Sales and Use Tax Regulation 1526(a).

The charges for fitting represent the labor charges for assembling pictures into a frame. Since these are assembly charges, not installation charges, these charges are taxable. An example of an installation charge is a charge for the labor to mount a completed framed picture on a customer’s wall.

If you have any further questions regarding sales and use tax law, please do not hesitate to write again.

Sincerely,

Elizabeth Abreu  
Tax Counsel

EA:cl  
0544E

Bc: Santa Rosa District Administrator  
Dana Rodoni – Return Review Section