

**M e m o r a n d u m****435.1100**

To: Mr. X----- (HHW)

Date: May 31, 1951

From: E. H. Stetson

Subject: Ansco Color Transparencies

In answer to your memo of December 28, 1950, we advise that in our opinion the operation of mounting transparencies in cardboard mounts results in a sale with respect to which the tax applies.

Under Section 6006(c) and ruling 15 we believe that the mounting of the transparencies must be considered a fabrication of processing of tangible personal property. If a separate charge is made for developing only, the tax does not apply to the charge for developing pursuant to ruling 23 which provides that the tax applies to charges for printing pictures or making enlargements from negatives furnished by the customer "but not to charges for developing the negatives if such charges are separately stated". It would appear to follow that where instead of printing or enlarging, the transparencies are mounted on cardboard, the charge for developing must be separately stated in order to be excluded from the measure of the tax.

EHS:ph