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**STATE BOARD OF EQUALIZATION**

April 25, 1951

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Dear Mr. X-----:

This is in answer to your letter of April 23 with respect to the application of the State sales tax to labor charges for adding a row of shirring on drapes and to that portion of the cost price of drapes which you have ordered which constitutes the labor cost.

The gross receipts of a retailer which are subject to the State sales tax, as defined by section 6012 of the Sales and Use Tax Law, include the total amount of the sales price of the retail sales of retailers without deduction on account of the cost of the materials used, labor or service cost, losses, or any other expense, and specifically includes "any services that are a part of the sale". Accordingly, when you have drapes made to order, the tax applies to the full charge, without deduction for the cost of materials or labor.

As indicated by Sales and Use Tax Ruling 15, copy enclosed, the tax also applies to charges for the production, fabrication, or processing of tangible personal property furnished to a retailer by a consumer. Thus, the tax will apply to a charge for making drapes from materials furnished by you, or to charges for any operation which constitutes a step in the production or fabrication of such drapes. The shirring of new drapes would appear to be a step in the production or fabrication of the finished drapes. Accordingly, if the drapes which you had shirred were new, the tax will apply to the charge therefore. If the drapes were used drapes, the operation may constitute a repair or reconditioning of the drapes, in which case the application of the tax is governed by Ruling 26, copy enclosed.

We are returning the X----- invoice enclosed in your letter.

Very truly yours,

R. G. Hamlin  
Tax Counsel

RGH:HB