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**STATE BOARD OF EQUALIZATION**

October 18, 1950

Gentlemen:

This is to confirm our opinion expressed at our discussion in this office today that the sales tax applies to charges for:

1. Drilling holes in stones.
2. Mounting stones in rings not previously having had stones mounted therein.
3. Processing rough stones into finished products.

Tax does not apply to charges for:

1. Cutting or slabbing of rough stones for inspection purposes only.
2. Redrilling of stones in order to make minor modifications in the size of the hole.
3. Mounting stones in used rings previously having had stones mounted therein.

It is understood that in those cases above indicated in which the tax applies the customer is the consumer and does not intend to resell the processed article in the regular course of business.

The basis for the foregoing opinion is found in Sales and Use Tax Ruling 15, copy enclosed, which quotes the pertinent provision of the Sales and Use Tax Law upon which it is based.

Very truly yours,

E. H. Stetson  
Tax Counsel

EHS:ph