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**STATE BOARD OF EQUALIZATION**

October 22, 1952

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Gentlemen:

I have discussed with Mr. X-----, Sales Tax Administrator, your letter of October 13 addressed to him regarding the change in policy of the Ford Motor Company respecting parts furnished as replacements in satisfaction of the Manufacturer's Guaranty and Warranty.

In our opinion Sales and Use Tax Ruling 67 may be considered applicable, regardless of the fact that the retailer furnishing the replacement part pursuant to the warranty may furnish it for a car which was sold by some other dealer. This can perhaps be best accomplished by regarding the dealer actually furnishing the replacement part as the agent of the dealer who sold the car and who would have furnished the replacement part pursuant to the same warranty, had the owner gone to that dealer to secure the replacement.

Presumably appropriate accounting procedures can be established so that the dealer furnishing the replacement part can show the transaction in his records for sales tax purposes as one in which he furnished a replacement part as agent for the dealer who sold the car.

Very truly yours,

E. H. Stetson  
Tax Counsel

EHS:ph

cc: San Francisco – Tax Administrator