



STATE BOARD OF EQUALIZATION

May 12, 1966

G--- E--- C---, Inc.
M--- A--- Division
XXX --- ---
--- ---, CA XXXXX

Attention: L. W. B---
Operating Manager

SZ -- XX XXXXXX
SZ -- XX XXXXXX

Gentlemen:

This is in reply to your letter of May 5, 1966, regarding the application of the sales tax to your mandatory charges for warranty service included in the selling price of your electrical appliances.

When the retailer of tangible personal property makes a mandatory charge for a service warranty, we believe that the charge is properly regarded as part of the gross receipts from the sale of tangible personal property, whether or not that charge is separately stated on the customer's billing.

Thus if the property is sold in a taxable retail sale, the mandatory charge in connection with that sale must be included in the gross receipts.

If you have any further questions, please do not hesitate to write us again.

Very truly yours,

Philip R. Dougherty
Associate Tax Counsel

PRD:ab

cc: Out-of-State – District Administrator
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