

August 12, 1960

REDACTED TEXT

Dear Mr. REDACTED TEXT,

This is in reply to your letter of July 25 concerning the application of sales tax in California with respect to an interior decorator who sells furniture and also renders design services.

Enclosed is a copy of the California Sales and Use Tax Law. The term "sale" is defined in Section 6006. See also the definition of "gross receipts" by which the tax is measured which is set out in Section 6012.

Under these definitions the sales tax applies to the total amount paid by a customer for goods even though they may have been fabricated or made up to his special order or out of materials furnished by him. No deduction is permissible for any of the expenses of production, including design and other services that are involved. If, however, an additional charge is made for such services as arranging the furniture in the room, giving advice as to color combinations, materials, and the like, such services would not be considered as part of taxable gross receipts.

This is a rather difficult subject to answer in general terms, and so if you have any specific questions upon which you would like to have an expression of opinion from us, we shall be glad to have you write us again, setting forth the circumstances of the particular transaction.

Very truly yours,

E. H. Stetson  
Tax Counsel

EHS:tl

cc: New York