

M e m o r a n d u m**190.2338**

To: Audit Evaluation & Planning

Date: September 3, 1986

From: E. Leslie Sorensen, Jr.

Subject: S--- D--- Inc.

SR -- XX-XXXXXX

This is in response to your memorandum of July 18, 1986 concerning the subject taxpayer's contracts to furnish and install modular office and health science furniture systems.

Reference was made to a memorandum dated January 5, 1981 which I wrote to the --- District Administrator pertaining to similar items furnished and installed by W--- C--- F---. My memorandum addressed the classification of wall panels only. My conclusion with regard to the panels was that if they were physically attached to the buildings they were classifiable as materials.

Although mentioned in the District's 1981 request for opinion, I did not address the question of how items such as bookcases and cabinets attached to the panels were to be classified.

My opinion remains that wall panels furnished and installed to realty are classifiable as materials. Such panels in a free standing non-affixed configuration would, however, be classifiable as tangible personal property. With respect to bookcases, cabinets, etc. attached to the panels, it is my view that such items should be classified as fixtures if attached to wall panels which are affixed to the realty but should be classified as tangible personal property if attached to wall panels which are free standing.

ELS:rar