



STATE BOARD OF EQUALIZATION

March 23, 1965

Gentlemen:

This is in reply to your letter of February 25, 1965 concerning the application of sales tax to knurling and sizing of pistons.

You are correct in your understanding that the labor of knurling and sizing new pistons prior to the sale of the product to consumers is taxable as part of the total charge to the customer for the exact product needed to meet his requirements. The tax applies to such charge under the provisions of Section 6012 of the Sales and Use Tax Law, defining "gross receipts" which constitute the measure of the tax, as the total amount of the sale price without any deduction on account of "labor or service cost", and as including "any services that are a part of the sale".

When the knurling and sizing is performed by a party other than the seller of the standard-size new piston, the charge is taxable under Section 6006(b) of the Sales and Use Tax Law, which defines a "sale" to mean and include:

"The producing, fabricating, processing, printing or imprinting of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the producing, fabricating, processing, printing, or imprinting."

Ruling 15, copy enclosed, covers the general subject of charges for processing customer-furnished property.

Very truly yours,

E. H. Stetson
Tax Counsel

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