

M e m o r a n d u m**435.1166**

To: Mr. Alan Giorgi
Return Review

November 15, 1988

From: Gary J. Jugum
Assistant Chief Counsel

Subject: Murals Painted on Vehicles

This is in response to your memorandum of November 1, 1988.

We understand that you are concerned with a taxpayer who does custom paintings (murals) on vehicles. The taxpayer is not an automobile dealer. He does murals on used vehicles (vehicles for which 60 days have passed since first being registered with DMV) and new vehicles (vehicles for which 60 days have not passed since first being registered with DMV).

You are aware of Annotation 345.006 and 435.047. Annotation 345.006 states that charges for lettering signs on trucks or automobiles are nontaxable whether the vehicle is new or used. Annotation 435.047 deals with van conversions and establishes a distinction between new and used vehicles.

Tax does not apply to charges made by the taxpayer for painting murals on vehicles, whether the vehicles are new or used. The annotation which applies in this case is Annotation 345.006. Painting a mural on a vehicle is not an operation which results in the creation or production of tangible personal property or a step in a process or series of operations resulting in the creation or production of tangible personal property. See Regulation 1526, paragraph (b). Where physical modifications are made to a new van, the modifications are considered to be a step in the creation or production of tangible personal property.

GJJ:sr

The annotation numbers cited above are both missing the following zero. The correct numbers are 345.0060 and 435.0470. SUTD Annot. Coord. 4-18-06.