



STATE BOARD OF EQUALIZATION

February 8, 1956

Mr. [H]
Consultant
XXXX --- ---
--- --- XX, --

-- XXXXXX

Dear Mr. [H]:

Your letter of October 29, 1955 to our Santa Monica office has been referred to this office for reply.

Section 6354 of the Sales and Use Tax Law exempts from the tax "the sale of gold bullion, gold concentrates, or gold precipitates by the producer or refiner."

You were engaged in the manufacture and sale of a ceramic gold stain, commercially designated as OG-14. It is made by dissolving gold in hydrochloric and nitric acids. As sold, the product is a gold chloride in the acid solution.

Gold chloride in solution is not gold bullion. The term "gold concentrates" refers to gold ore which has had a substantial portion of the waste material separated from it. Clearly OG-14 is not a gold concentrate. Although OG-14 is used by the ceramic industry to precipitate gold onto ceramicware, it is not a gold precipitate in the form sold by you. Indeed, the description of the product as gold chloride in solution expressly negatives the idea that it is a gold precipitate.

It is our opinion, therefore, that your sales did not fall within the exemption provided in Section 6354 and that no cause for adjustment appears.

Very truly yours,

Bill Holden
Associate Tax Counsel

BH:tl

cc: Los Angeles -Compliance
Santa Monica -Compliance