



STATE BOARD OF EQUALIZATION

August 1, 1951

E--- Corporation
P.O. Box XXX
--- --- XX, ---

C-XXXXX

Gentlemen:

This is in answer to your letter of June 8 with respect to the application of the California sales or use tax to your charge for converting for the H--- S--- Corporation a transport loader from hydraulic to mechanical operation. If the loader was a new piece of equipment its conversion would be regarded as a step in the production of the particular type of loader desired, and the tax would apply to your entire charge. See Sales and Use Tax Ruling 15, copy enclosed.

If the loader is a used loader furnished to you by your customer the operation would be regarded in the nature of a repair operation, the application of the tax thereto being governed by Sales and Use Tax Ruling 26, copy enclosed. If the charges for repair parts and other tangible personal property are segregated in your books and records from your charges for the repair labor the tax will apply only with respect to the retail sales price of the property furnished. If no such segregation is made it will be presumed that the entire charge represents the sales price of the property and the tax will apply to the entire charge.

Very truly yours,

R. G. Hamlin
Tax Counsel

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