

M e m o r a n d u m**330.4180**

To: Hollywood – Auditing (CFH)

Date: August 25, 1966

From:

Subject:

This memo is in response to yours of August 9, 1966, concerning the taxability of the alterations the above named taxpayer is making to the tuxedos he places in rental services.

From the statement of facts, we understand that the taxpayer purchases for rental, tuxedos in various sizes. He reports the tax based on the amount he pays for the garments. It is sometimes necessary for the taxpayer to make minor adjustments of the rental garment in order that it will properly fit the customer. This adjustment is accomplished by making a temporary, tack to shorten the sleeves and trousers and to fit the waist and cost. After the rental use, the temporary tack is removed, and the garment is returned to the rental stock.

We are of the opinion that the above described “alterations” do not substantially change the form of the garments taxpayer purchased for rental service. Therefore, since he paid sales tax measured by the original purchase price of these garments, the rental receipts therefrom are not subject to the sales tax per ruling 70 (c) (2) (D).

CLR:ab

cc: Los Angeles District – District Administrator