



STATE BOARD OF EQUALIZATION

2281 Retouching-negatives-and-positives for commercial-photographers.

Cc: San Jose – District Administrator

October 16, 1964

Dear Mr. X-----,

This is in reply to your letter of September 23, 1964 requesting information on several matters.

The State Board of Equalization has no connection with city business licenses. We are, therefore, unable to aid you or give you any information concerning this. It is strictly a matter between you and the city.

Your second question asked whether you are required to pay sales tax for retouching photos for commercial photographers. A commercial photographer is a retailer of positives or prints, and the consumer of negatives. If you are retouching negatives tax applies to your charges. This is because § 6006(b) of the California Sales and Use Tax Law (copy enclosed) specifically provides the processing of customer-owned materials is subject to tax. On the other hand, if you are retouching positives or prints, the sale of the fabrication labor to the photographer is for resale to the photographer's customers. Since tax applies only to retail sales, your sale to the photographer is nontaxable. You should obtain a resale certificate from the photographer as explained in ruling 68 (copy enclosed). If you have any further questions about this procedure, I am sure our San Jose district office can aid you.

Your final question concerns art work for printers. Ruling 24 (copy enclosed) states in the fourth paragraph that printers are consumers of art work purchased for use in the preparation of printed material to be sold. Accordingly, tax applies to any finished art sold to them. Ruling 2 (copy also enclosed) explains that separately stated charges for preliminary art is not subject to tax unless it is physically incorporated into the finished art. Accordingly, you may exclude preliminary designs from the measure of tax, provided you meet the requirements of ruling 2.

Very truly yours,

John H. Knowles
Associate Tax Counsel

JHK:mm – Enc.