



---

**STATE BOARD OF EQUALIZATION**

July 19, 1950

Gentlemen:

This is in answer to your letter of June 21 in which you request clarification of the application of the State sales tax to installation charges.

To compute the tax properly it is necessary to distinguish between charges for installing the property sold and charges for assembling such property.

In the case of steel shelving and lockers, the product does not appear to be complete until the component parts thereof are assembled. As you state in your letter, when you ship parts out, they cannot be considered to be lockers or shelving. Accordingly, when your contract calls for assembling or erecting the lockers and shelving, it would appear that such assembly or erection is a step in the fabrication of the completed product and that your charges therefor are a part of your taxable gross receipts.

If the parts are sold to the purchaser and title has passed to the purchaser prior to the agreement to assemble or erect the lockers or shelving, your charge would appear to be subject to the tax under Section 6006(c) of the Sales and Use Tax Law, as indicated by Ruling 15, copy enclosed.

In view of the above it is our opinion that the tax applies to your charges for assembling or erecting the steel shelving referred to in your letter of June 13. As indicated in our letter of June 19, however, the tax does not apply to separately stated charges for installing the completed shelving. If however, there is no installation required, other than the assembling of the shelves, the tax will apply to your full charges.

Very truly yours,

R. G. Hamlin  
Associate Tax Counsel

RGH:HB

cc: W. R. T---