



STATE BOARD OF EQUALIZATION

June 2, 1953

X-----

Attention: X-----

Gentlemen:

You inquire concerning the application of sales tax to your charges if a customer brings in a piece of steel to have some holes drilled or some pieces of angle to be flattened on the ends or a bar of steel to be cut into lengths.

As indicated in Sales and Use Tax Ruling 15 (copy enclosed) the tax applies to charges for fabricating or processing tangible personal property for a consumer who furnishes the materials. In the case of repair work, however, charges for labor are generally not subject to sales tax. See Ruling 26 (copy enclosed).

The problem is to distinguish between fabrication and repair. Repair is the reconditioning of property or the restoration of property to the use for which it was originally intended. Fabrication is the creating of something new or the modifying of property to fit it for a new and different use.

Normally the operations about which you inquired are regarded as taxable fabrication labor since they involve the creation of what is essentially a new item of tangible personal property.

Yours very truly,

Bill Holden
Junior Counsel

BH:ja

cc: Pasadena - Auditing