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**STATE BOARD OF EQUALIZATION**

August 25, 1953

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Attention: Mr. X-----

Gentlemen:

Your letter of May 28 addressed to the state Franchise Commissioner has been referred to this Board for reply. We are sorry that we overlooked answering your letter until this time. You inquire concerning the application of the sales tax to certain transactions.

In the first, you purchase yardage for a suit from an importer. You then take the yardage to a tailor who makes a suit therefrom. As indicated in Section 6006(c) of the California Sales and Use Tax Law (pamphlet copy enclosed), a sale is defined, for sales tax purposes, as including the fabricating of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the fabricating. See also Sales and Use Tax Ruling 15 (copy enclosed). Therefore, the tax would apply to the tailor's entire charge, since such charges are for taxable fabrication labor.

In the second, the tailor purchases goods which you have selected. In this case the tax would apply to the entire price for the finished suit, inasmuch as Section 6012 of the Law specifically provides that taxable gross receipts include the total amount of the sale price without any deduction on account of the cost of the materials used, labor, or service cost, or any other expense.

In the next example, you go to an interior decorator who renders a bill as follows:

Material	-	\$200.00
Travis Rods	-	20.00
Labor	-	<u>80.00</u>
Total		\$300.00

It appears that the interior decorator is retailing traverse rods and draperies. We would regard traverse rods as "fixtures" under Ruling 11 (copy enclosed). In this case, the taxable retail selling price of the fixture is \$20.00 and therefore the tax should apply to

that amount. Draperies are regarded as personal property under the Law and therefore the tax would also apply to the selling price thereof which would appear to be \$200.00 for the material and \$80.00 for taxable fabrication labor.

However, if a portion of the \$80.00 constitutes a charge for exempt installation labor (Section 6012 of the Law), the vendor should make a separate charge for any such installation labor and the tax would not apply with respect thereto. In the absence of such segregation of the labor charges, it would be presumed that the entire \$80.00 amount was subject to the tax.

Yours very truly,

W. W. Mangels  
Assistant Counsel

WWM: ja

cc: San Jose - Auditing