

August 20, 1969

From your letter of July 23, 1969, we understand that you intend to start a business as described and were wondering if the services provided would be subject to tax.

You state you would provide persons interested in converting existing buses or stop-van trucks, etc., into "house cars" with a suggested rough layout of the interior. You would then modify this layout per the desires of the owner and also would rough out the mechanical (engine, transmission, differential, etc.) equipment modification. After the entire modification plans were decided upon by the owner, he would begin work on the modification. It is your intention to charge your client \$50 for this work.

Since most of your clients will not be sufficiently knowledgeable of all facets of the vehicle conversion, you plan to make yourself available in order to advise your clients in this conversion operation if and when they need you. You also will supply the various tools and equipment for use in converting the bus at no extra charge.

As an added incentive to prospective customers, you plan to purchase the various items in bulk and will resell them to your customers.

It is our opinion that the \$50 that you receive for the original plans you draw will not be subject to tax as you are merely performing a service. You will, of course, have to pay tax on the paper and other material you purchase to make the plans. If you should, however, merely duplicate an existing plan you have already drawn for a preceding customer and sell that to another customer, the total charge will be subject to tax.

Your supervision services will, of course, not be subject to tax. We understand you do not make any charges for such help.

You will need a seller's permit for your sales of the items you purchase and resell to your customers. The total charge you make for these sales will be subject to tax. You, of course, may purchase such items for resale.

We assume you purchased all the tools and equipment you own tax paid, as distinguished from resale, and accordingly no sales or use tax will be due on the loan of them to your customers.

You may get the seller's permit from the State Board of Equalization, 303 West 3rd Street, San Bernardino, California, 92402, telephone number 888-9394.

Very truly yours,

Glenn L Rigby
Tax Counsel

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