

M e m o r a n d u m**557.0060**

To: Mr. James E. Mahler

February 7, 1978

From: T. P. Putnam

Subject: S--- F---, Inc.
SR -- XX-XXXXXX

After reviewing your draft of a memo to the Inglewood office, I have concluded that Annotation 557.0060 should be deleted since it causes confusion.

Where a contractor is the consumer of materials, the charges for transportation of materials from his supplier to his place of business or directly to the jobsite are governed by Regulation 1628, recognizing the supplier as the retailer. Any charges for transportation of materials from the contractor's place of business to the jobsite are not includable in the measure of tax.

A contractor is the retailer of a fixture but, if his contract with his customer does not state the sale price of the fixture, the sale price is the cost price of the fixture to the contractor as provided in Regulation 1521 and the net effect with respect to transportation charges is the same as if materials were involved. However, if his contract with his customer states the price at which the fixture is sold, tax applies to that price and charges for transportation are governed by Regulation 1628, recognizing the contractor as the retailer.

I will have this memo annotated in place of Annotation 557.0060.

I am returning your draft with some suggested changes and am also returning the related material that you sent to me.

TPP:po

Attachments