



STATE BOARD OF EQUALIZATION

April 20, 1950

F--- S--- W---, Inc.
XXX --- ---
--- --- X, California

Attention: Mr. R--- W. D---

Account Cert-U XXX

Gentlemen:

This is in answer to your letter of April 13 with respect to the application of the State sales tax to your lump-sum contracts for the furnishing and installation of metal window and doors which are manufactured by you.

The application of the tax to construction contractors generally is governed by Sales and Use Tax Ruling 11, copy enclosed. As therein indicated, millwork is specifically defined as a "material." As metal doors and windows are classified as millwork, they also are regarded as "materials." As indicated by that section of said Ruling 11, entitled "Materials used by Contractors," construction contractors are regarded as the consumers of materials used by them in fulfilling construction contracts, and the tax applies to the sale of such materials to the contractors. Where the materials are fabricated by the contractor, as in the case of millwork, the tax applies to the sale of the raw materials to the contractor from which the materials are fabricated.

Therefore, the tax will apply to the sales price of the raw materials to you from which your steel doors and windows are fabricated when you consume such materials in fulfilling a construction contract. Assuming that you have purchased such raw materials on a "tax-free" basis, you should report the cost price thereof on Line 2 of your sales and use tax return as self-consumed merchandise purchased without the payment of the California sales and use tax.

Very truly yours,

R. G. Hamlin
Associate Tax Counsel

RGH:HD

cc: Burnett Sheehan