



STATE BOARD OF EQUALIZATION

May 13, 1954

W--- B--- Company
Certified Public Accountants
--- Building
XXX --- Street
--- --- X, California

Gentlemen:

Your letter of April 22 addressed to our San Francisco office has been referred to the headquarters office for reply. You state that your client furnishes and installs pumping equipment for a lump-sum price. You ask us to confirm that this constitutes installation of a fixture pursuant to Ruling 11.

As indicated in the second paragraph of Ruling 11 (copy enclosed), that ruling applies only to contracts for the construction of improvements to realty or to furnish and install items which, upon installation, become incorporated into the realty. Pumping equipment may become incorporated into the realty, but it also may be installed in such a manner as to remain personal property. In the latter case, Ruling 11 does not apply and the tax applies to the selling price and not to the charge for installation. The charge for installation should be separately stated in some manner on the billing.

If the pumping equipment becomes incorporated into the realty, it will be regarded as the sale of a fixture pursuant to Ruling 11. Where Ruling 11 governs, it fixes the measure of tax and no separate statement is required on the customer's bill or in the contract.

Yours very truly,

Bill Holden
Assistant Counsel

BH:ja

cc: San Francisco - Auditing