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**STATE BOARD OF EQUALIZATION**

December 21, 1953

Mr. F--- F---, Jr.  
Certified Public Accountant  
XXX --- ---  
--- ---, California

Your letters of November 23  
And December 9

Dear Mr. F---:

You inquire concerning the application of sales tax to the furnishing and installation of a water heater.

Ruling 11 states that contractors are the consumers of "materials" and the retailers of "fixtures". Accordingly, the sale of "materials" to a contractor is the taxable retail sale while the sale of "fixtures" by the contractor is the taxable retail sale.

A water heater is a "fixture" and the tax applies to the contractor's retail selling price of the heater, which price does not include the charge for installation. If the contract is a lump-sum contract, it would be difficult to apportion the contract between selling price of fixture and charge for installation. Ruling 11 therefore provides that in the case of a lump-sum contract by a contractor who is not the manufacturer of the fixture, the retail selling price is the contractor's cost.

If a contractor who is not a manufacturer of water heaters purchases water heaters tax paid and installs them under lump-sum contracts, no further tax is due with respect to such transactions.

Very truly yours,

Bill Holden,  
Junior Counsel

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cc: --- --- - Auditing