



STATE BOARD OF EQUALIZATION

January 29, 1969

Gentlemen:

This is in reply to your letter of December 18, 1968 asking the proper sales tax treatment of auto bumpers which you send out for rechroming. Please excuse the delay in responding.

We understand that you consider the transaction to be a taxable exchange because you cannot be sure you receive back the same bumper which you sent. The insurance companies with whom you deal do not agree and will not allow sales tax on your repair orders.

Under these facts, the third paragraph of the enclosed Ruling 26 [now Reg. 1546] applies, and you are correct in your position that tax applies to the transaction measured by the charge made by the rechromer. This conclusion is based partly on our understanding of the customary business practices of the rechroming industry in the general Los Angeles area which is to commingle bumpers received and only to be sure the customer receives back an equivalent bumper though not necessarily the same bumper sent in.

On the other hand, if the rechromer keeps adequate records to prove that the bumper returned is indeed precisely the same bumper sent in, the entire charge is nontaxable under the terms of paragraph 2 of Ruling 26.

Very truly yours,

T. P. Putnam
Tax Counsel

By Lawrence A. Augusta

LAA:ph [1b]