



STATE BOARD OF EQUALIZATION

October 25, 1951

The R--- Co.
XXXX --- Street
--- --- X, California

Attention: Mr. A--- B--- -- XXXXX

Gentlemen:

This is in reply to your letter of September 23, 1951, in which you ask concerning the application of tax to your charges for re-processing welding flux furnished by your customers.

As we understand the facts, the flux furnished by the customers has already been used by them and has acquired impurities during use. Your operation involves removal of the impurities and return of the flux to the customers for further use. It does not appear whether the flux of various customers is commingled in the process or whether each customer receives a return of the same flux which he sent in to be purified.

If the same flux is returned to the customer, it is our opinion that your operations are in the nature of a reconditioning service rather than a fabrication and sale, and that tax does not apply to your charge for the work. As indicated by Sales and Use Tax Rulings 1 and 26, copies enclosed, you are the consumer of any tangible personal property which may be used in performing the service and tax applies to the sale of such property to you. If such property was purchased without payment of tax it should be reported on line 2 of your sales and use tax return.

However, if the identical flux is not returned to the customers but there is a commingling of the flux of various customers then tax applies to the amount of your charge to your customers pursuant to the last paragraph of Ruling 26.

Very truly yours,

E. H. Stetson
Tax Counsel

AOC:ja

cc: Mr. Wm. R. Thomson