



STATE BOARD OF EQUALIZATION

June 26, 1953

B--- & S--- Co.
XXXX --- Avenue
--- --- X, California

Your letter of March 24
Account No. -- - XXXXX

Gentlemen:

You inquire concerning the application of sales tax to charges for rethreading damaged pipe.

A customer will bring in pipe with threads and collars damaged. One end of this pipe has a thread with a collar set on, the other end has just a thread. You remove the collar, cut off the thread at each end, rethread each end, and set the collar back on.

During this work the length of the pipe is reduced but only by the length of the thread at each end. After your work, the pipe is to be used in the same manner as before your work.

We enclose copies of Sales and Use Tax Rulings 15 and 26. Fabrication labor is subject to the tax (Ruling 15) and repair labor is exempt (Ruling 26). In general, fabrication is the creation of something new or the altering of tangible personal property to fit it for a new and different use. Repair, on the other hand, is the restoration of property to its original condition.

It is our opinion that this is a repair job. Since you provide no materials, your entire charge is exempt from the sales tax.

Very truly yours,

Bill Holden
Junior Counsel

BH:ja

cc: --- --- - Auditing