



STATE BOARD OF EQUALIZATION

0953 Sale and installation of overhauled-aircraft-engines in California.

April 30, 1957

Attention: ---
Comptroller

Gentlemen:

In reviewing our files we find that a letter written by you last year was misplaced. We apologize for this oversight.

You inquired concerning the application of the sales tax to sales of overhauled aircraft engines. Three situations were outlined.

In the first, an overhauled engine is sold to a customer in Canada, installation of the engine on the aircraft to be made at Oakland. Your company completes the export declaration.

In the second, a customer in Canada purchases a new aircraft (minus engines) in California. He orders an overhauled engine from you to be delivered to the aircraft company for installation after which the plane will be flown to Canada. In both cases you bill the Canadian customer for the engine.

In the third situation, an out-of-state American customer has an overhauled engine delivered to a point in California where the engine is installed and the plane flown out-of-state.

Paragraph A-2-(b) of Sales and Use Tax Ruling 55, copy enclosed, provides in part that sales tax applies to sales of property which is sold and delivered to the purchaser or his representative in this State whether or not the disclosed or undisclosed intention of the purchaser is to transport the property outside the State, and whether or not the property is actually so transported.

All three transactions fall within the scope of this paragraph. Accordingly, each sale would be a taxable transaction. The reason that the tax applies is that neither the Federal Constitution nor the California Sales and Use Tax Law provides for an exemption under those circumstances.

Furthermore, it is our opinion that delivery of an engine for installation, in the aircraft, in this State, prior to being flown out, is not the type of delivery contemplated in paragraph A-1-(e) of Ruling 55.

If you should have any further questions we shall do our utmost to see that you receive a prompt reply.

Very truly yours,

Warren W. Mangels
Associate Tax Counsel

JDP:rg
cc: Long Beach - Auditing