

Memorandum

325.0760

To: Review (PER)

Date: July 16, 1957

From: Headquarters – Sales Tax Counsel (EHS/GAT)

Subject:

This is in reply to your memorandum of July 3, 1957, regarding ---.

Our understanding of the facts is as follows:

--- manufactures and sells cameras. From time to time such cameras are returned by customers for repairs. Sales tax is applied to the charge for parts to California customers. But, where the customer is out-of-state, the camera is shipped by common carrier and the sale of parts is considered exempt as within interstate commerce.

It is our opinion that the sale of replacement parts which are attached to the repaired cameras to out-of-state customers is exempt from sales tax. Although title to the replacement parts may pass when installed in the camera, under the theory of accession, the transaction appears to come within the terms of Ruling 55 A1 (c) (2). The exempt status of the replacement parts depends on the fact that delivery to the customer is made out-of-state, pursuant to the terms of the repair contract.

E. H. Stetson

GAT:cl