

# STATE BOARD OF EQUALIZATION

## OFFICE CORRESPONDENCE

**435.0440**

Place: Sacramento, California  
Date: January 24, 1951

To: Mr. L. H. Wilson

From: R. G. Hamlin

Re: Application of Tax to Assembly Labor

You have inquired as to the application of the tax to a transaction in which a petroleum distributor takes a truck chassis and a propane tank to a shop to have a tank truck made.

It appears that the shop not only installs the propane tank on the chassis, but also makes and installs the fenders, skirts, tool box, brackets and other parts required to convert the chassis into a completed tank truck. Your letter does not indicate whether or not the chassis or tank is new or used.

Assuming that the chassis is new, it is our opinion that the entire operation constitutes a step in the fabrication of a completed tank truck and that the full charge is subject to the tax.

If the truck chassis is not new and the operation consists of rebuilding or converting used equipment owned by the petroleum distributor, we would not regard the operation as the fabrication of a truck, within the meaning of Ruling 15. In this event, the tax will apply to the retail sales price of the fabricated articles and parts, such as tool boxes and fenders, etc. and other materials furnished, but not to installation charges.

RGH:HB