

M e m o r a n d u m**435.0880**

To: Mr. X-----

Date: June 1, 1951

From: E. H. Stetson

Subject: X-----

We agree with your proposed letter of May 14 to Mr. Nils O. Hultgren forwarded to us for approval with your memo of May 14, provided, however, that Category 2 is limited to doing the work enumerated upon new rather than used guns.

If the gun is a used article, we do not believe the work described should be regarded as a taxable processing. Although changed in some degree, the article is still a gun and the performance of this work to alter or decorate a used article does not, in our opinion, fall within the intended scope of Section 6006(c). Where the work is performed on a new article, it can be regarded as an extension or continuation of the manufacturing process in order to complete the article to the customer's requirements.

The same principle is involved pursuant to which we regard the tax to apply to charges for engraving upon new articles of watches, jewelry, etc., but not upon used articles belonging to the customer.

EHS:ph