

Memorandum

435.1010

To: Mr. Gary J. Jugum

Date: April 17, 1986

From: Donald J. Hennessy

Subject: Lettering on Trucks or Automobiles

This subject is an old favorite. I am attaching a copy of your memorandum of June 10, 1975, which was most recently reaffirmed in Jim Mahler's October 2, 1985 opinion (copy also attached). The result is that, whether the vehicle is new or used, tax does not apply to the charge for lettering.

I assume we want to stay with the opinion in your June 10, 1975 letter, but pulling either all of Annotation 435.0240, or even just the fifth paragraph, out of the tax service will draw attention to an old decision that is hard to rationalize. May we briefly discuss this?

DJH:rar

Attachments



STATE BOARD OF EQUALIZATION

916/445-6537

June 10, 1975

Mrs. P--- A---
E--- F--- & Company
Certified Public Accountants
XXXX --- Avenue
---, California XXXXX

Dear Mrs. A---:

This is in response to your letter of June 5, 1975.

It has been the position of the State Board of Equalization since at least December 4, 1950, that sales tax does not apply to charges for lettering signs on trucks or automobiles, whether new or used.

Very truly yours,

Gary J. Jugum
Tax Counsel

j:alicetilton

**STATE BOARD OF EQUALIZATION**

916/445-6537

October 2, 1985

Mr. L--- N---
L---'s L---
XXXX --- Road
---, CA XXXXX

SR --- XX-XXXXXX

Dear Mr. N---:

This is in reply to your letter of August 21, 1985, requesting our opinion as to the application of tax to various situations you encounter in your sign lettering business.

1. Lettering and pinstriping on new or used automobiles, trucks and trailers, sometimes for advertising purposes and sometimes not.

Tax does not apply to your charge to the customer for this type of job. Tax does apply to your purchase and use of the paint. You should pay tax reimbursement to your supplier when you purchase the paint; or alternatively, if you purchase the paint without tax, you should report the cost of the paint on line two of your sales and use tax returns.

2. Lettering and pinstriping on new or used boats, sometimes for advertising purposes and sometimes not.

Tax applies in the same manner as in (1) above, with one exception. If the boat is a "watercraft" used for the purposes listed in subdivision (a) of Regulation 1594 (copy attached) tax does not apply either to your charge to the customer or to your purchase of the paint. If you claim an exemption on this ground, you should be sure to obtain from the customer a watercraft exemption certificate in the form specified by the Regulation.

3. Reconditioning or "touch-up" work on old signs and --- and similar items.

Tax applies in the same manner as in (1) above.

4. Painting new lettering or designs on new or old signs, --- and similar items.

If the item to be painted is affixed to land, a building or other real property at the time of painting, tax applies in the same manner as in (1) above.

If the item is not affixed to real property at the time of painting, tax does not apply to your purchase or use of the paint. However, tax does apply to your entire charge to the customer, unless there is some independent basis for exemption (e.g., sale for resale).

5. Both "touch-up" and painting new designs or words on an old sign.

Tax applies as in (4) above.

We hope the foregoing has answered all your questions. If not, please feel free to call or write the undersigned directly.

Very truly yours,

James E. Mahler
Tax Counsel

JEM:ba