



STATE BOARD OF EQUALIZATION

916-324-8208

June 21, 1991

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Re: Application of Sales Tax to Polished Brass Finishing

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By letter dated May 20, 1991, you requested our opinion concerning the application of sales tax to work your company performs on new polished brass and lacquered hardware. In your letter you state:

“A customer brings in new polished brass and lacquered hardware which they purchased from someone else and then they disassemble them.

“These pieces come to us to have the lacquer removed and the polished brass finish restored, which is tarnished in the lacquer removal process.

“The customer then reassembles the hardware and then installs it.”

You ask whether these parts are treated as new items are taxable or as used items for refinishing and therefore nontaxable.

Revenue and Taxation Code section 6051 imposed a sales tax on all retailers measured by their gross receipts from retail sales of tangible personal property. Section 6006(b) provides that, for sales tax purposes, a “sale” includes the fabrication or processing of tangible personal property for a consideration for consumers who furnish the material used in the fabricating or processing.

The Board has promulgated Regulation 1524, entitled “Manufacturers of Personal Property,” which is based on these statutes. Subsection (3) of this regulation provides, in pertinent part, as follows:

“(3) PAINTING, POLISHING, FINISHING. Tax applies to charges for painting, polishing, and otherwise finishing tangible personal property in

connection with the production of a finished product for consumers, whether the article to be finished is supplied by the customer or by the finisher....”

In addition, the Board’s staff has issued and published opinions on questions similar to yours in the Sales and Use Tax Annotations of the Business Taxes Law Guide. In Annotation 435.1220 the staff determined that charges for chrome, nickel, or alumulite plating applied to fittings supplied by a customer constitutes taxable fabrication labor when performed on new personal property and that sales tax applies to the entire charge. If the property is used and such work is performed to repair or recondition the property, different rules apply.

In our opinion, because the hardware furnished by your customers is new, your charges for removing lacquer and restoring the polished brass finish represent charges for fabrication and processing of tangible personal property for consumers. Therefore, all of your charges on these transactions are taxable.

If you have other questions concerning sales tax law, please write to us again.

Sincerely,

Elizabeth Abreu
Tax Counsel

EA:cl

Bc: San Francisco District Administrator