

# STATE BOARD OF EQUALIZATION

## OFFICE CORRESPONDENCE

490.0600

Date: Sacramento, California  
September 11, 1953

To: --- ---

From: Bill Holden

Re: --- ---

Account No. -- -- XX-XXXXXX

The question presented in your memorandum of October 17 is whether a particular sum billed by a retailer to his customer as a warranty is included in the measure of the sales tax imposed upon the sale of a washing machine. The factory charges the retailer for the warranty and the retailer passes the charge along to his customers. The manufacturer is the warrantor and in case of defect the manufacturer supplies the parts and reimburses the retailer for the labor.

It is our opinion that the warranty is included in the measure of the sales tax. the only basis for regarding certain television warranties as not subject to the tax is that the customer has complete freedom not to buy the warranty. On that basis, we can regard the sale of such an optional warranty as a completely separate transaction. In this case, however, if our understanding of the facts is correct that this is a mandatory warranty, the warranty is obviously an integral part of the sale and the amount charged is therefore subject to the tax.

Bill Holden

BH:ja