

M e m o r a n d u m**515.1280**

To: San Francisco – District Administrator

Date: August 31, 1971

From: Tax Counsel (WEB) – Headquarters

Subject: Annotation 515.1280

Your memorandum of August 11 directed to Headquarters Principal Auditor has been referred to this office for reply.

For your information we have recently completed a new annotated letter ruling which supersedes annotated letter ruling 515.1280. The basis for this new ruling is that the processing of human tissue as a step or process in the course of diagnosing human illness does not constitute a sale of tangible personal property. A distinction has been drawn where the end product is a completed microscopic slide to be used for educational purposes or for other purposes.

We have also reviewed annotated letter ruling 425.0200 discussed in your memorandum. This ruling should be distinguished on the basis of the activity does not constitute processing of human tissue.