



565.0040

STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

February 2, 1951

Attention: Mr. Robert W. Johnson
Legal Department

Gentlemen:

It appears that we have never answered in writing your letter of November 16, 1950, although I believe that the subject matter thereof was pretty well covered by our conference on January 8.

Sales and Use Tax Ruling 11 provides the answers to questions (1) and (2) of your letter and paragraphs (3) and (4) are pretty generally covered by Sales and Use Tax Ruling 12, United State Contractors. In the case of contracts with the federal government, the application of the tax differs from that in the case of a contractor with a private person or corporation in that, pursuant to express provisions of law, the sale to the contractor of any tangible personal property, whether "materials" or "fixtures", is the taxable sale measured by the gross receipts from that sale. Even if the contractor fabricates "fixtures" from raw materials purchased by him, the tax applies not to the fair retail value of the fabricated fixtures, as in the case of nongovernment contracts, but applies to the sale price of the raw material to the contractor.

With respect to contracts with religious, educational, or charitable institutions, the sales tax or the use tax applies in the same manner as it applies with respect to contractors generally, as indicated by Ruling 11. There is no "exempt" status insofar as sales and use tax is concerned in this state enjoyed by religious, educational, or charitable institutions. Sales directly to such institutions are subject to sales tax and purchases by them are subject to the use tax to the same extent as by other purchasers.

Very truly yours,

E. H. Stetson
Tax Counsel