



565.0620

STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

August 20, 1951

Attention: REDACTED TEXT

Gentlemen:

We acknowledge your letter of July 25 informing us that you have been awarded a contract by the [U.S.] for the installation of an automatic sprinkler protection system at the [United States Military base].

Your understanding that State sales tax does not apply with respect to the sale to you of materials purchased for use on this contract is incorrect. As this sprinkler protection system or portions thereof undoubtedly becomes a part of real property, the sale to you of the materials and supplies which you use in the performance of this contract is subject to sales tax under the express provisions of Section 6384 of the Revenue and Taxation Code.

Sales and Use Tax Ruling 12, copy enclosed, explains the application of the tax with respect to sales to Government contractors. It is possible that you may furnish some tangible personal property to the Government or that portions of the installation may fall within the category of "machinery and equipment" as defined in Ruling 12. Should this be so, you could properly issue a resale certificate to vendors for property becoming a part of "machinery and equipment" as defined. We doubt, however, that any portion of the automatic sprinkler protection system proper would be thus classified. We believe it would consist almost entirely of "fixtures" as defined in the ruling or of construction materials.

We are forwarding to you herewith a duplicate Seller's Permit replacing the permit which you have lost.

Very truly yours,

E. H. Stetson
Tax Counsel