

State of California
BOARD OF EQUALIZATION

SALES AND USE TAX REGULATIONS

**Regulation 1526. PRODUCING, FABRICATING AND PROCESSING PROPERTY
FURNISHED BY CONSUMERS — GENERAL RULES.**

Reference: Section 6006, Revenue and Taxation Code.

Alterations of new garments, see Regulation 1524 (Section 1524 of Title 18).

Printing and imprinting, see Regulation 1541 (Section 1541 of Title 18).

Repairing and reconditioning generally, see Regulation 1546 (Section 1546 of Title 18).

(a) IN GENERAL. Tax applies to charges for producing, fabricating, processing, printing, or imprinting of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the producing, fabricating, processing, printing or imprinting.

(b) OPERATIONS INCLUDED-REPAIRING AND RECONDITIONING DISTINGUISHED. Producing, fabricating, and processing include any operation which results in the creation or production of tangible personal property or which is a step in a process or series of operations resulting in the creation or production of tangible personal property. The terms do not include operations which do not result in the creation or production of tangible personal property or which do not constitute a step in a process or series of operations resulting in the creation or production of tangible personal property, but which constitute merely the repair or reconditioning of tangible personal property to refit it for the use for which it was originally produced.

(c) OPERATIONS INCLUDED — STRETCH LIMOUSINES. Producing, fabricating, and processing include any operation which results in the creation or production of a stretch limousine. The following rules apply in determining the measure of tax for converting a vehicle into a stretch limousine.

(1) When a vehicle dealer, at the request of a consumer, has a conversion company convert (i.e., stretch) a vehicle into a limousine, the tax does not apply to the conversion company's charge to the dealer, but the tax does apply to the entire charge made to the consumer by the dealer for the conversion.

(2) When a consumer provides the conversion company with a vehicle for conversion into a stretch limousine, the tax applies to the entire charge made to the consumer by the conversion company.

History: Effective July 1, 1939.

Amended as of January 1, 1945, as a restatement of previous rulings.

Amended and renumbered August 5, 1969, effective September 6, 1969.

Amended October 19, 1988, effective January 11, 1989. In subdivision (c), amended regulation to include within the definition of producing, fabricating, and processing any operation which results in the creation or production of a stretch limousine.

Regulations are issued by the State Board of Equalization to implement, interpret or make specific provisions of the California Sales and Use Tax Law and to aid in the administration and enforcement of that law. If you are in doubt about how the Sales and Use Tax Law applies to your specific activity or transaction, you should write the nearest State Board of Equalization office. Requests for advice regarding a specific activity or transaction should be in writing and should fully describe the facts and circumstances of the activity or transaction.