



STATE BOARD OF EQUALIZATION

June 19, 1954

O--- M--- Company, Inc.
P.O. Box XXX
---, Indiana

Attention: Mr. R. L. W--- -- - XXXX
Assistant Secretary-Treasurer now: SR -- XX-XXXXXX

Gentlemen:

Your petition for redetermination of the determination of \$197.46 against you on April 30, 1954, was acknowledged by us under date of May 24 and referred to the undersigned.

Prior to levying of the determination we had some correspondence with your customer, M--- G--- Company, and in our letter dated March 2 to that company, a copy of which was sent to you, we explained the basis of our position and suggested that we be furnished with typical contracts showing that you undertook to perform engineering services for your customer without being obligated thereunder to deliver a finished product. For your ready reference we quote the following paragraph from our letter:

“If O--- contracts to sell you a mold and in order to perform that contract must incur costs for engineering and design, we believe such costs cannot be excluded from the measure of the tax even though separately stated. If O--- merely contracts to do certain engineering and design, without being obligated to deliver a finished product, we do not think its charges for such engineering and design are taxable. If such contracts were entered into between you and O---, it is suggested that you forward us copies of typical contracts of this type. Presumably, such contracts would be the basis of ‘engineering and design charges that are not actually a part of a general fabrication program’ referred to in your letter of February 19 to O---.

We have not received any copies of contracts or other information in response to our suggestion. If it is feasible for you to do so, we suggest that you make available to us this material. Otherwise, it appears that the matter can best be handled by scheduling your petition for a preliminary hearing before a hearing officer in Los Angeles.

Mr. R. L. Wallace

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July 19, 1954
515.0560

We would appreciate hearing from you at your convenience.

Very truly yours,

E. H. Stetson
Tax Counsel

EHS:ph

cc: Downey - Auditing