



STATE BOARD OF EQUALIZATION

2303 Watch-repair-parts furnished pursuant to warranty.

November 20, 1964

To: Out-of-State - Auditing
From: Tax Counsel (EHS:PRD) - Headquarters

Hamilton Watch Company
Columbia Avenue
Lancaster Pennsylvania

This is in response to a problem raised by the --- ---- --- Company in their letter of October 22.

Ruling 35 does not contemplate the situation in which the watch repairer is furnishing replacement parts pursuant to a warranty which was a provision of the original contract of sale. The repair parts supplied pursuant to such a warranty are regarded as having been sold at the time of the retail sale of the watch itself (see ruling 67). The San Francisco Service Center, accordingly, need not report such warranted repair parts as self-consumed whether the watches were shipped to the center from points within or without the State of California or were bought by a consumer in California. No tax liability is incurred on the furnishing of such parts, even though the original sale was not subject to the California sales tax.

PRD:md