November 21, 1950

Re:

Gentlemen:

This is in answer to your letter of October 16 regarding the taxability under the Sales and Use Tax Law of your sales of such items as radiotelephones, direction finders, marine depth sounders, and "component parts and repairs" to commercial fishermen engaged in deep sea fishing operations outside the territorial waters of this State.

Enclosed is a copy of Sales and Use Tax Ruling 51.5.

We believe you have confused the use tax with the sales tax in your letter inasmuch as the applicable tax, if any, would be the sales tax where deliveries are made to your customers from your place of business or other point in this State.

On the assumption that the watercraft upon which the equipment is to be used is a watercraft "used in commercial deep sea fishing operations outside the territorial waters of this State", the remaining question is whether the equipment sold by you becomes a component part of such watercraft, within the meaning of Section 6368 of the Sales and Use Tax Law and Ruling 51.5. The ruling indicates in general what will be regarded as becoming a component part of watercraft and what will not be so regarded. Assuming that they are affixed or attached to the watercraft in a substantial manner when in use, radiotelephones, direction finders, and marine depth sounders are regarded as becoming ingredient or component parts of the watercraft. All navigation and communication equipment of a portable nature, however, would not be so regarded.

Very truly yours,

E. H. Stetson
Tax Counsel

EHS:
cc:

600.0380

November 21, 1950

Dear Sir:

This is in answer to your letter of October 10 which accompanied your sales and use tax return for the third quarter.

Enclosed is a copy of Sales and Use Tax Ruling 51.5 dealing with the exemption from the sales tax of receipts from sales of certain watercraft and property becoming a component part thereof. You will note that if the watercraft is a fishing vessel, it must be used in commercial deep sea fishing operations outside the territorial waters of this State.

For property to be regarded as becoming a component part of watercraft it must be affixed or attached to the structure of the watercraft in a substantial manner when in use. Thus, if the items mentioned in your letter, namely, radio transmitters and receivers, automatic direction finders, and automatic pilots are thus affixed or attached while in use, they will be regarded as component parts. On the other hand, navigation or communication equipment or any other equipment of a portable nature are not regarded as becoming a component part of the watercraft and the sale thereof is taxable.

Very truly yours.

E. H. Stetson
Tax Counsel

EHS:ph

cc: Mr. [illegible] son