



Product Technical Information

Effective: July 1, 1999

Re: California Sales Tax

Recent changes were made to the California tax code, which caused us to seek a revised written opinion from the California State Board of Equalization regarding sales tax collected on the Agee-WristJack System. The Board has modified their earlier opinion and now directs us to collect tax on only a portion of the System.

The System is sold only in complete kit form to ensure proper function. The Board has always considered the instrumentation taxable and the fixator components exempt from state and county sales taxes because they fit their "medicine" definition. Because taxable and non-taxable items are bundled together, the Board had previously directed us to collect tax on the entire kit. Their new written opinion directs us to break out the taxable portion (as determined by the Board) on our invoice.

The difference between taxes collected in the past and the current tax amount may be refundable. We are filing a petition on behalf of our customers for their reimbursement of taxes overpaid during the period defined by the statute of limitations - October 1, 1994 through January 31, 1998. This is expected to be a lengthy process, taking possibly up to one year. We will contact affected customers with the refund when and if it is granted.

Agee-WristJack Systems sold in California after February 1, 1998 will be treated according to the revised tax opinion and current California tax code. As of this writing, appropriate sales tax will be collected on \$180.00 of the \$1,200.00 sales price.

Contact Kim Sutton, HBL Accountant, at (916) 923-5075 for further information.