



FIONA MA, CPA

Chairwoman, California State Board of Equalization
District 2



Message from Chairwoman Ma:

Summer is officially here and with it fun, fireworks, barbecues, and travel. Check out these great tips from the the BOE for information on Foreign Travel Use Tax in this video <https://www.youtube.com/watch?v=byDnoJx-SXYs>

Last month, California's landmark new tobacco restrictions went into effect. Among other provisions, California has raised the age of smoking to 21 years old, which will dramatically reduce the number of new smokers in the future (studies have shown that the vast majority of smokers take up their habit before they turn 21). California has one of the lowest tobacco use rates in the country, and these tough new laws will help drive that number even lower (SB7 http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201520162SB7&search_keywords=cigarettes+21).

I am pleased to report that the first Senate Committee has approved AB1559 that I am sponsoring with Assemblymember Bill Dodd. The legislation will give businesses such as those affected by the Valley Fire in Lake County last year extra time to work on their tax payments to the BOE while they rebuild. This is a common sense measure, and I'm pleased that Ma Squad's own Joey Luiz was able to testify at the Senate hearing on such an important issue for Lake County.

Finally, on behalf of all of us at the Board of Equalization, I hope all of you had a safe and happy Fourth of July.

As always, if I can be of service, please feel free to call me and members of my team at (415) 557-3000 or email me at fiona.ma@boe.ca.gov. We look forward to hearing from you.

In Peace and Friendship,

Fiona Ma, CPA

Table of CONTENTS

- Message from Chairwoman. 1
- Tax Help for Disasters 2
- Gas Tax 3
- IRS Audit Tip. 3
- Dear Kathryn 4
- GO-Biz Approves \$46.7m. 4
- Legislative Updates 5
- FAFSA Changes. 5
- Tax Tips: Rebates 6
- Property Tax Exemptions. 6
- Renaissance Center. 7
- California Grown. 7
- EFT Changes 8
- Cigs and Tobacco Tax Changes . . . 8
- D2 Birthdays. 9
- BOE CPAs 9
- Tax Tip: Labor Charges 9
- On the Road 10
- Upcoming Events 11
- MaSquad Internship 11

Tax Help for Disasters

When a disaster strikes, the Board of Equalization (BOE) can help get your business back on its feet. The BOE and other taxing agencies have free tax and feepayer assistance that may help you or your business in the event of a disaster.

Board of Equalization:

Relief is available for BOE tax and feePAYERS directly affected by a disaster. You may have more time to file your return and make payment, be relieved of certain penalties and interest, or receive replacement copies of your tax and fee records.

To get started, visit www.boe.ca.gov and click the Online Services tab, then click "Request Relief."

Damaged Property?

If your home or business property was damaged or destroyed you may be eligible for property tax relief. To find out if you qualify, contact the County Assessor for the county where your property is located.

For a list of County Assessors, visit www.boe.ca.gov/proptaxes/assessors.htm.

Franchise Tax Board:

The Franchise Tax Board (FTB) generally allows taxpayers to deduct a loss sustained in any area of California that is proclaimed by the Governor of California or the President of the United States to be in a State of Emergency. For more information, refer to FTB 1034 - How to Claim a State Tax Deduction for Your Disaster Loss at www.ftb.ca.gov. You may also call the FTB at 1-800-852-5711 for assistance.

Internal Revenue Service:

When the President of the United States declares a major disaster, special tax laws may help taxpayers and businesses recover financially from the disaster. Depending on the circumstances, the Internal Revenue Service (IRS) may grant additional time to file returns and pay taxes.

Visit www.irs.gov and search "disaster relief" for more information.

California Office of Emergency Services:

The California Governor's Office of Emergency Services (Cal OES) responds to and aids in the recovery from emergencies within California. During certain major disasters, Cal OES coordinates Local Assistance and Disaster Recovery Centers where individuals and businesses can get access to help from the State of California. Visit www.caloes.ca.gov to learn more.

Employment Development Department:

The Employment Development Department (EDD) can assist both employees and employers impacted by a disaster. The EDD can help employees file claims for Unemployment Insurance, and help employers request an extension to report and pay payroll taxes without penalty or interest. Visit www.edd.ca.gov for more information.



Fuel Consumption Facts

Unclutter your car: It pays to take off extra weight to maximize your fuel mileage. Tests have shown that adding an empty bike rack to the car decreases mileage efficiency by 5 miles per gallon. If you add two bikes to that rack, it takes off an additional 10 miles per gallon. Click here (<http://www.gasbuddy.com/>) to find out the cheapest gas stations in your neighborhood.

Tax Rate on Gasoline to be Reduced

The California State Board of Equalization (BOE) announces that the state excise tax on gasoline will drop by 2.2 cents per gallon on July 1, 2016. This will lower the excise tax rate from 30 cents to 27.8 cents per gallon for the 2016-17 fiscal year, effective July 1, 2016, through June 30, 2017.

“California requires the BOE to adopt a revenue-neutral excise tax rate for each fiscal year, and when the selling price of gasoline falls, we are legally obligated to reduce the excise tax accordingly,” said Chairwoman Ma. “This is a mathematical formality and not a policy matter within the discretion of the Board.”

The Board approved the 2.2-cent tax rate reduction at its February 2016 meeting. The Board has been required to adjust the excise tax rate on gasoline since 2010, when two pieces of legislation (AB x8 6 and SB 70, the budget trailer bills collectively known as the fuel tax swap) took effect. The Board sets the rate annually so that over a three-year period, the amount of revenue collected under the fuel tax swap is the same as what would have been collected under the prior gasoline tax structure. The excise tax on gasoline goes to the State Transportation Fund for the construction and maintenance of public roads and mass transit.



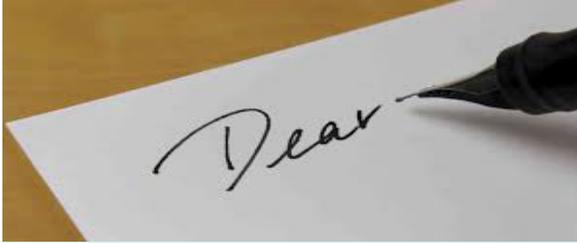
Although Californians will pay less in state excise tax on gasoline starting July 1st, this does not generally translate to lower overall prices at the pump, which are determined by a number of global factors. According to the United States Energy Information Administration, gasoline prices are driven by crude oil prices, refining costs, and distribution and marketing costs. Crude oil prices—which are affected by worldwide economic growth, regional economies, supply and demand—are the largest component of United States gasoline prices, as explained in the latest issue of BOE’s Economic Perspective (http://www.boe.ca.gov/news/pdf/ep616_accessible.pdf).

Contact FTB When You Are Under an IRS Audit

If you are audited by the IRS, you are required to notify the FTB within six months of the final federal determination date of any changes that increase your tax. (Corporate taxpayers must report all changes to gross income or deductions, even if the changes do not result in an increase in tax.) It may take the IRS longer than six months to notify the FTB, which extends the FTB’s statute of limitations to issue an assessment. If the IRS changes result in a California tax refund, file a claim for refund with the FTB as soon as possible.

When you notify the FTB of any IRS changes, you must provide enough information to allow the FTB to compute the resulting California tax change. You can notify the FTB by filing an amended tax return or by sending a notification letter with a copy of the necessary federal information.

Please review FTB Publication 1008 (<https://www.ftb.ca.gov/forms/misc/1008.pdf>) for more information.

DEAR KATHRYN.....**DEAR KATHRYN:**

I'm a new business owner and I've never completed a sales and use tax return before. Does the BOE offer assistance with filing returns?

- JONATHAN

DEAR JONATHAN:

Yes, the BOE offers free assistance with filing returns. Several District Offices offer Filing Clinics each quarter where BOE representatives are available to assist business owners with e-filing their returns. The BOE also offers free Basic Sales and Use Tax Classes. These instructor-led classes include a section on how to prepare a sales and use tax return. For a schedule of Filing Clinics and Basic Sales and Use Tax Classes, please visit <http://www.boe.ca.gov/ma/events/>.

Alternatively, you may visit any District Office during open hours and a representative will be available to assist you. For a list of District Office locations, please visit <http://www.boe.ca.gov/info/phone.htm>.

- KATHRYN

Do you have general sales and use tax questions? If you have a question, please send it to Fiona.Ma@boe.ca.gov with the subject title "Dear Kathryn."

GO-Biz Approves \$46.7m in Tax Credits for 67 Companies Adding Over 4,200 Jobs

The Governor's Office of Business and Economic Development (GO-Biz) announced that the California Competes Tax Credit (CCTC) committee approved \$46.7 million in tax credits for 67 companies expanding and creating jobs in California. The awards will help these companies create a projected 4,235 jobs and generate over \$1.3 billion in investment across California.

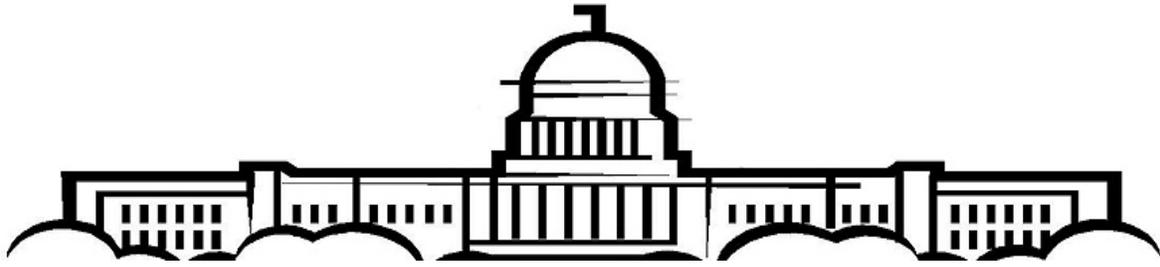
"The California Competes tax credit continues to improve California's business climate by attracting new investments and helping create jobs," said GO-Biz director and committee chair Panorea Avdis. "California is now the 6th largest economy in the world in part because companies identify the Golden State as a prime target for relocation and expansion."

In 2013, the California Competes Tax Credit was created by Governor Brown to focus on helping businesses grow and stay in California. This fiscal year, GO-Biz allocated approximately \$160 million to 259 companies that are projected to create over 20,000 jobs and make almost \$3.2 billion in investments.

Businesses interested in applying for a California Competes tax credit can do so starting in July by filling out an on-line application available at: www.calcompetes.ca.gov.

About California Competes

The California Competes Tax Credit is part of the Governor's Economic Development Initiative (GEDI) which Governor Brown signed legislation to enact in 2013 (AB 93 and SB 90). GO-Biz evaluates the most competitive applications based on the factors required by statute, including total jobs created, total investment, average wage, economic impact, strategic importance and more. Companies are exempted from paying state income taxes in the amount awarded.



Legislative Updates: Under the Capitol Dome

The Legislature passed the 2016-17 State Budget on June 15, 2016. The State Budget is a product of 6 months of committee hearings and negotiations between the Legislature and the Governor. Here are some of the highlights of the 2016-17 California State Budget:

- 171 billion dollar budget
- 2 billion dollar increase to the State’s reserve, which now totals 8.5 billion
- Increases payments to state subsidized child care providers
- Ends policy known as the “Maximum Family Grant” which prevents families from receiving extra welfare assistance if they have additional children. This policy will help an estimated 130,000 children and 95 thousand low-income families in the State of California

“There Ought To Be A Law”

I encourage you to submit ideas that you think should be a law in the State of California or changes to a law in the State to my office. I want to advocate for laws that help the citizens of the State of California. Please submit your idea to fiona.ma@boe.ca.gov.

FAFSA Changes for 2017-18

The 2016–17 Free Application for Federal Student Aid (FAFSA) will be the final FAFSA to launch on January 1. Beginning with the 2017–18 FAFSA, the start date will move from January 1 to October 1 of the previous year. This means that students who complete the 2017–18 FAFSA will be able to submit the form anytime between Oct. 1, 2016 and June 30, 2018.

In addition to changing the FAFSA launch date, the state is also changing the requirements for reporting income information. Beginning with the 2017–18 FAFSA, applicants will provide income information from one tax year earlier—the “prior-prior” year. This means that the 2017–18 FAFSA will collect 2015 income information.

IF YOU PLAN TO ATTEND COLLEGE FROM	YOU WILL SUBMIT THIS FAFSA	YOU CAN SUBMIT THE FAFSA FROM	USING INCOME AND TAX INFORMATION FROM
JULY 1, 2015 – JUNE 30, 2016	2015-16	JANUARY 1, 2015 – JUNE 30, 2016	2014
JULY 1, 2016 – JUNE 30, 2017	2016-17	JANUARY 1, 2016 – JUNE 30, 2017	2015
JULY 1, 2017 – JUNE 30, 2018	2017-18	OCTOBER 1, 2016 – JUNE 30, 2018	2015
JULY 1, 2018 – JUNE 30, 2019	2018-19	OCTOBER 1, 2017 – JUNE 30, 2019	2016

Visit www.studentaid.gov/fafsa for more information.

Tax Tip: Coupons, Discounts and Rebates

Retailers: Did you know that when you participate in a rebate or incentive program in which you are required to reduce your selling price of a specified product in exchange for receiving payment of a like amount from the manufacturer or other third party, the payment you receive is part of your taxable gross receipts that must be reported to the State Board of Equalization when the sale is subject to tax? These rebate and incentive programs are commonly referred to as “Buy-Down Rebates,” “Voluntary Price Reductions,” “Promotions,” “Coupon Redemptions,” or “Instant Rebates,” or by a similar name.

For example, a retailer purchases cosmetic products directly from the manufacturer. The manufacturer and retailer enter into a buy-down program in which the retailer is required to reduce the selling prices of the manufacturer’s products. In exchange, the manufacturer agrees to compensate the retailer for the amount of the price reduction. The rebate revenue is included in the retailer’s gross receipts.

Manufacturer Coupons

Manufacturer coupons may be used by customers to receive a percentage or amount off the advertised selling price when purchasing the manufacturer’s product from a retailer. If you accept manufacturer coupons, amounts paid by manufacturers to reimburse you for the value of the manufacturer’s coupons are included in your gross receipts.

Double discount

As a retailer, you may offer a “double discount” to customers who use certain manufacturer coupons. For example, your customer presents a manufacturer’s coupon offering \$1 off the purchase of a specific product. In turn, you also allow an additional \$1 discount. In this case, the value of the manufacturer’s coupon is included in your gross receipts. The additional \$1 discount you provide to your customer is not subject to tax.

For more information, please see Publication 113 Coupons, Discounts and Rebates:
<https://www.boe.ca.gov/formspubs/pub113>

Property Tax Exemption



Under Proposition 13, a home is normally appraised at its full market value at the time of purchase. However, there is a property tax savings program for those aged 55 or older (for married couples, only one spouse must be 55 years of age or older to qualify) who are selling their home and buying another of equal or lesser value. This program allows the taxable value on the original home to be transferred to the replacement home thereby preventing an increase in property taxes. However, some strict guidelines must be followed to qualify for the tax savings program. The full list of requirements are listed here: www.boe.ca.gov/proptaxes/faqs/propositions60_90.htm

Here are two of those requirements:

- Both the original and replacement property must be the owner’s principal place of residence and eligible for either the Homeowner’s Exemption or the Disabled Veterans’ Exemption; and
- The replacement property must be located within the same California county as the original property. Unless the replacement property is located in one of the eleven counties that authorize intercounty transfers. Those counties are: Alameda, Orange, San Diego, Ventura, El Dorado, Riverside, San Mateo, Los Angeles, San Bernardino, Santa Clara, and Tuolumne.

Before attempting such a transfer, please consult with your county assessor and your tax advisor to ensure that you meet all of the requirements for the exchange to qualify as exempt (<http://www.boe.ca.gov/proptaxes/assessors.htm>).

Nonprofit Spotlight: Renaissance Entrepreneurship Center



Renaissance Entrepreneurship Center was founded in 1985 with their goal and vision set out to help very low-to-moderate income individuals start their dream of owning their own small businesses. The center started off with just providing business planning and advanced business planning classes but has since grown to provide services and resources vital in an ever-changing global economy.

In the past 30 years since their founding, Renaissance Entrepreneurship Center has steadily grown and has helped over 10,000 clients through their entrepreneurial training and services. They launched the first nonprofit small business incubator in Northern California, added a Financial Recourse Center to provide technical assistance and loans for entrepreneurs in needs of capital, and introduced programs like Out of the Box, an entrepreneurship program for formerly incarcerated people. As a testament to their achievements, they have locations in Soma, Bayview, Mid-Peninsula and Richmond.

Renaissance, a success story of their own, has helped open more businesses than any other non-profit in the Bay Area and according to the Aspen Institute, post the best record for business longevity with a rating of 97%.

To learn more about Renaissance Entrepreneurship Center please visit their website at: <http://www.rencenter.org/>

Buy Directly from California Growers at Certified Farmers' Markets

Certified Farmers' Markets are an effort to reestablish the traditional link between farmers and consumers in California. Certified Farmers' Markets are "the real thing;" places where genuine farmers offer only agricultural products they grow themselves for direct sale to the public. By eliminating the middleman's additional costs and multiple product handling, both the farmers and the consumers benefit.

Although the Certified Farmers' Markets are strictly governed by the high quality and growing standards of California, their farmers can bring field and tree ripened fruits and vegetables which are too delicate for the packing and shipping processes of traditional food distribution systems. In addition, consumers are assured of obtaining only California grown fruits and vegetables, fresh and in season, at attractive prices.

By shopping at Certified Farmers' Markets, consumers directly support our responsible California family farmers, help save our vanishing farmland and maintain a safe food supply in the state where they raise their families.

Certified Farmers' Markets have become social gathering places and are the face of the communities they serve. They are where the agrarian community and the urban community relate to each other. The markets serve as great communication vehicles whereby patrons come face to face with their food source, enjoy the enlightenment of a multicultural experience and learn from the exchange of information.

Summer is a great time to hit up your local farmers market. Check out <http://california-grown.com/> for market times and locations near you!



Corporate EFT Bank and Vendor Transition Information



STATE OF CALIFORNIA
Franchise Tax Board

Effective July 1, 2016, the bank and vendor for our Corporate EFT Program will change. For more details, see Corporate EFT Bank and Vendor Transition Information (https://www.ftb.ca.gov/businesses/eft/transition_information.shtml).

EFT allows financial institutions to transfer money from your bank account to the state's bank account electronically, eliminating the use of paper checks. Banks and corporations must use EFT if their quarterly estimated tax payment or extension payment exceeds \$20,000 or if their total tax liability exceeds \$80,000 for any tax year beginning on or after January 1, 1995. Once a corporation remits a payment that meets the criteria for mandatory participation, the FTB will notify the corporation that all future payments must be made via EFT. Banks and corporations may voluntarily remit payments by EFT after contacting FTB and receiving approval. To receive approval, the Authorization Agreement for Electronic Funds Transfer (FTB 3815) must be completed and returned to FTB.

Payment Options

The payment options available are the Automated Clearing House (ACH) Debit, ACH Credit, and Fedwire. Fedwire payments are for emergency purposes only.

ACH Debit - The ACH Debit method allows you to transfer funds by instructing the state to electronically debit a bank account you control for the amount you report to the state's data collector. You can authorize the debit via the phone or Internet.

ACH Credit - The ACH Credit method allows you to transfer funds by instructing your financial institution to debit your account and credit the state's bank account.

For forms and more information on EFT, please visit:

https://www.ftb.ca.gov/businesses/eft/transition_information.shtml

New Law Raises Licensing Fees for Cigarettes and Other Tobacco Products

Sellers of cigarettes and other tobacco products will see their licensing fees increase beginning June 9, 2016. The new fees are a result of Assembly Bill x2-11, which was signed into law on May 4, 2016 and increased the Cigarette and Tobacco Products License application and renewal fees for retailers, wholesalers, and distributors to provide additional funding for cigarette and other tobacco products tax enforcement compliance. License applications may be submitted through the Board of Equalization's (BOE) online registration system.

The BOE administers a statewide program to license cigarette and other tobacco products manufacturers, importers, distributors, wholesalers, and retailers (Cigarette and Tobacco Products Licensing Act of 2003). Previously, retailers paid a one-time fee cost of \$100 per location where these products are sold. The new law will require them to pay \$265 annually for each location. Distributors and wholesalers previously paid \$1,000 per calendar year per location. The new law requires them to pay \$1,200 annually per calendar year per location.

For more information, please visit https://www.boe.ca.gov/sptaxprog/CTP_Lic_ALR_FAQs.htm

Congratulations to D2 employees on becoming CPAs

Associate Tax Auditor Howard Lam
 Tax Auditor Jun Hui Du
 Tax Auditor Jia Chang Ou
 Associate Tax Auditor Trevor McCormick
 Tax Auditor Halim Martin

Happy Birthday D2 Employees

Jul 04 Libby Sanchez
 Jul 05 Mohammed Alodaini
 Jul 17 Elissa Anderson
 Jul 20 Helen Weaver
 Jul 26 Maria Perez-Vargas
 Jul 29 Jia Ou
 Jul 29 Linda Lu
 Jul 30 Mark Noack
 Jul 31 Michael McGuinness



Tax Tip: Labor Charges



In California, some labor charges are subject to sales tax. Generally, tax applies to charges for the assembly and fabrication of tangible personal property, regardless of whether the charges are itemized or included in the price of the product. Fabrication is considered to be work done in creating, producing, processing, or assembling a product.

Examples of taxable labor include:

- Manufacturing a new piece of machinery
- Sizing and engraving a new ring you are selling to a customer
- Assembling a customer's new bicycle that came in parts

Generally, sales tax does not apply to itemized charges for repair and installation labor. Repair labor is work performed on a product to repair or restore it to its intended use.

Examples of nontaxable labor include:

- Replacing a broken water pump in a customer's used car
- Replacing a hard drive in a used computer
- Restoring a damaged painting
- Installing a car stereo in a used car

For more information, please visit the BOE's website at <https://www.boe.ca.gov/formspubs/pub108/>.

Board Member Ma & Staff on the Road

Accepting the Most Influential Woman Award from SF Business Times



At CA Cattlemen's Legislative Advocacy Day



With SF Sup. Scott Wiener & SF Sup. Mark Farrell honoring our young veterans



At the SBOE Professional Development Day for our headquarter team



Santa Clara Small Business Seminar with Asm. Kansen Chu, Asst. Chief of Field Operations Ray Sanguinetti, and Audit Principal Chu Hwang



US Pan Asian American Chamber of Commerce Summer Business Event



Celebrating the 50th Anniversary of Bill Soo Hoo becoming Oxnard Mayor in 1966 with Dr. George Yu from the Chinese Historical Society



With Mary Huss, SF Business Times Publisher



With Curry Without Worry hardworking volunteers Gita Dongol and Raju

Upcoming Events:

Oakland Nonprofit Seminar

Monday, August 8, 2016, 9:00am to 12:30pm
Elihu M. Harris State Office Building
1515 Clay Street, Oakland, CA 94612

Tehama Small Business Seminar

Wednesday, September 14, 2016, 9:00am-1:00pm
Red Bluff Community Center
1500 South Jackson Street, Red Bluff, CA 95616

Brentwood Small Business Seminar

October 19, 2016, 9:00am-1:30pm
Brentwood Community Center
35 Oak Street, Brentwood, CA 94513

Millbrae Veteran's Small Business Seminar

Wednesday, November 2, 2016, 9:00am to 1:30pm
David J. Chetcutti Community Room (next to
Millbrae Public Library)
450 Poplar Avenue, Millbrae, CA 94030

Register at: www.boe.ca.gov/ma/events or
call 1-888-847-9652

*** *Walk-ins are welcome. Registration is not mandatory to attend unless specifically noted. Events may be televised by a non-government agency*

Newsletter Subscription

If you are interested in receiving a digital copy of my monthly newsletter straight to your inbox, please subscribe at this link:

<http://www.boe.ca.gov/ma/newsletters/>

Disclaimer: This material has been prepared for general informational purposes only and may not reflect the most current legal developments. These informational materials are not intended, and should not be taken, as legal advice and are subject to change without notice.

MaSquad Internship Recruitment

Established in 2006, the MaSquad internship program has mentored over 1,000 young volunteers throughout the Bay Area ranging in age from 13-32. Ms. Fiona Ma believes strongly in the need to nurture our next generation and expose them to public service and has happily accepted many interns in her Capitol and District Offices.

If you are interested in applying, please visit <http://bit.ly/MaSquadInternship> and submit the online application!

Thank You for Your Support

If you have a tax or fee problem, or have difficulty understanding the complexity of tax laws in California, my office can help provide you with assistance and resources. Email me directly at fiona.ma@boe.ca.gov or call my offices in Sacramento at (916) 445- 4081 or in San Francisco at (415) 557-3000.

In addition, if you want to view some of the Board decisions or watch us live at the monthly Board hearings, please access www.boe.ca.gov and choose the webcast option under Board Hearings.

Representing the interests of taxpayers in a district of more than nine million Californians in 23 counties, I will ensure that the agency treats all taxpayers with respect and dignity. As your SBOE representative, I will continue to ensure that taxpayers are being heard in Sacramento. It is truly an honor to serve you.

Connect with Chairwoman Ma



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