



1 On October 25, 2010, petitioner departed San Diego for Mexico as part of the rally. The vessel was  
2 then moored in and around Puerto Vallarta, Mexico until petitioner sold the vessel in November 2011.

3 The Sales and Use Tax Department (Department) sent petitioner a Combined State and Local  
4 Consumer Use Tax Return for Vessel. Petitioner filed the return, which was received by the  
5 Department on April 14, 2011, claiming that its purchase of the vessel was exempt from tax because  
6 petitioner intended to use the vessel only outside of California. On April 28, 2011, petitioner  
7 completed, signed, and mailed an amended return, claiming that the purchase was exempt from tax  
8 because it qualified for an “other” exemption, which petitioner did not specify.

9 Since the sale of the vessel occurred in California, and the vessel was used or stored in  
10 California for approximately six months following the date of purchase, the Department concluded that  
11 the purchase was subject to use tax. Accordingly, the Department issued the Notice of Determination  
12 (NOD) in dispute. The amount of tax determined in the NOD is based on an estimated purchase price  
13 of \$105,000. After the appeals conference, petitioner provided a bill of sale to show that the purchase  
14 price was \$82,000, and the amount of determined tax has been adjusted accordingly.

15 Petitioner contends that use tax is not applicable because petitioner intended to use the vessel in  
16 Mexico. Petitioner states that the object of participating in the aforementioned rally was to reposition  
17 the vessel to Puerto Vallarta, Mexico, where petitioner’s trustee intended to enjoy the vessel with  
18 family and friends. In essence, petitioner argues that it did not use the vessel between the date it  
19 purchased the vessel (April 21, 2010) and the date it entered Mexico (October 25, 2010).

20 It is undisputed that petitioner purchased the vessel in California and that the vessel did not  
21 leave California from April 21, 2010, until October 25, 2010. We find that petitioner’s use of the  
22 vessel in California constitutes storage, use, or other consumption in this state that is subject to use tax.  
23 (Rev. & Tax. Code, §§ 6008, 6201.)<sup>1</sup> Also, we find no further adjustment is warranted to the  
24 determined tax.

25 **Issue 2:** Whether petitioner’s failure to report and pay the tax was the result of its reliance on  
26 erroneous written advice from the Board. We find that it was not.

