



State Board of Equalization

News Release

Vice Chairwoman Betty T. Yee

1st District – San Francisco

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Executive Director
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Betty T. Yee Reminds Holiday Shoppers to Keep Receipts from Online Purchases

Betty T. Yee, Vice Chairwoman of the Board of Equalization (BOE), today reminded California deal seekers that when shopping this holiday season for bargains online or by catalog, you may owe tax, even if the retailer you are buying from doesn't charge you sales tax.

Consumers should track their receipts from out-of-state retailers to make sure that California sales tax was collected. If not, the consumer owes "use tax". Use tax is owed at the same rate as the sales tax rate. The rate of tax owed is based on where the items will be used, which usually means where the purchaser lives. Sales and use tax rates range from 7.25% to 9.25%.

California use tax has existed since 1935. It was established to eliminate the price advantage out-of-state retailers would have over California businesses that collect and send sales tax to the BOE.

Some out-of-state businesses do collect California use tax and pay it to the state for the convenience of their customers, many out-of-state businesses do not. If the retailer does not, the consumer, whether an individual or a business, owes the tax and can report it most conveniently through a separate line on the California State income tax return due for most filers on April 15 of each year. A BOE consumer use tax return can also be filed directly with BOE. If the purchaser has a seller's permit, the use tax should be reported on their regular sales and use tax return.

Use tax is owed on any item that is otherwise subject to sales tax. Such items include tangible personal property like books, jewelry, clothing and shoes, for example. Items that may be overlooked for requiring sales or use tax on the purchase include non-food animals sold as pets like kittens, puppies or iguanas. If the retailer makes more than two sales in a calendar year, that retailer/breeder owes sales tax on those sales. An out-of-state retailer of multiple pets may not be required to report sales tax to California, but the pet purchaser will owe the use tax.

Online auction or brokered sales similarly require sales tax collection and reporting. If a retailer sells more than two items of tangible personal property in a calendar year on an eBay- or Craigslist-type Internet site, sales and use taxes are owed.

BOE estimates that \$1.1 billion in use tax goes uncollected each year. Revenue collected by BOE from the sales and use tax supports California programs and services including law enforcement, health care, transportation, housing, and many others.

Vice Chairwoman Betty T. Yee was elected to her post in November 2006. Her district includes many of California's coastal counties, from Del Norte to Santa Barbara, and includes the entire San Francisco Bay Area.

The five-member California State Board of Equalization is a publicly elected tax board. The BOE collects more than \$53 billion annually in taxes and fees supporting state and local government services. It hears business tax

appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes.

Online Resources:

[California Use Tax Basics](#)

[California Use Tax Return](#)

[Buying and Selling Dogs, Cats, and Other Non-food Animals](#)

[California City and County Sales and Use Tax Rates](#)

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