

**For Immediate Release**  
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## **Board of Equalization Announces New Use Tax Registration Requirements**

Thousands of California businesses will be required to register with the California State Board of Equalization (BOE), and report and pay any use tax owed for purchases made in the preceding year, beginning in 2009, under legislation recently enacted, it was announced today by the BOE.

The BOE will be notifying 184,000 businesses by letter beginning this week of this obligation.

The new use tax registration and reporting law requires "qualified purchasers" to register with the BOE and report and pay use tax. Qualified purchasers are required to file returns by April 15 of each year, reporting all purchases subject to use tax from the previous calendar year, beginning with purchases made during the 2009 calendar year. A qualified purchaser is a business that meets all of these tests:

- Is not required to hold a seller's permit with the BOE;
- Is not required to be registered or otherwise register with the BOE;
- Is not a holder of a use tax direct payment permit; and
- Receives at least \$100,000 in gross receipts per year from business operations.

The BOE has identified nearly 200,000 businesses that meet the definition of a "qualified purchaser" and is notifying them of their registration requirement. Even if a business is not contacted by the BOE, any business that meets the requirement of a "qualified purchaser" must register with the BOE to report and pay use tax. Under existing law, those businesses who do not meet the \$100,000 gross receipts threshold are still required to report and pay use tax, they just do not have the mandatory obligation to register with the BOE for that purpose.

The use tax, required by law since 1935, is the same rate for any California location as the sales tax rate. California use tax is generally owed when individuals or businesses use, consume, give away or store tangible personal property (i.e., products you can see, weigh, feel or touch, such as clothing, books, computers, DVDs or CDs) in California that you purchased from an out-of-state vendor. If the out-of-state vendor does not collect the California tax on your purchase, you must pay the tax.

The effort is estimated to bring in \$81 million in 2009-10, \$183 million in 2010-11, and \$367 million in 2011-12.

This new registration requirement was added to the Revenue and Taxation Code (section 6225) by ABx4-18 (Stats. 2009, Ch.16).

For information, visit [www.boe.ca.gov](http://www.boe.ca.gov) or call the Taxpayer Information Center at 800-400-7115

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. For more information on other taxes and fees in California, visit [www.taxes.ca.gov](http://www.taxes.ca.gov).

[Special Notice: New Registration and Reporting Requirements for Certain Purchasers  
2009 Notification Letter](#)

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