



State Board of Equalization

News Release

Vice Chairperson Jerome E. Horton

4th District – Los Angeles

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New Use Tax Program for Businesses Begins with eFiling

180,000 Registered Businesses Notified to eFile Use Tax Returns Starting March 1

Jerome E. Horton, Vice Chairperson of the California State Board of Equalization (BOE), today announced 180,000 California businesses have been automatically registered in the new registration and use tax reporting program for businesses and that they can efile their use tax returns beginning in March.

The BOE is notifying these businesses by letter of their recent registration with instructions on how to meet the April 15, 2010 deadline to efile their returns.

To assist taxpayers, the BOE automatically registered approximately 180,000 individuals and businesses identified as qualified purchasers that are being sent a [welcome letter](#) with account number, express login code, and directions to efile online at www.boe.ca.gov. Through the use of technology and for the convenience of taxpayers, the BOE has streamlined the online registration and filing process consistent with other BOE sales and use tax programs. “The BOE continues to improve its service to customers throughout the organization, using technology wherever appropriate. This is one more example of improved quality service,” Horton explained.

The BOE estimates that the new use tax registration and reporting program will bring in revenue of \$81 million in 2009-2010, \$183 million in 2010-2011, and \$367 million in 2011-2012.

The new registration and use tax reporting law requires a “qualified purchaser” to register with the BOE, and report and pay by April 15, the use tax owed for purchases made during the calendar year. A qualified purchaser is either an individual, partnership, corporation, or other business entity that meets all of the following conditions: 1) the business is not required to hold a seller’s permit or certificate of registration for use tax; 2) the business is not a holder of a use tax direct payment permit; 3) the person or business receives at least one hundred thousand dollars (\$100,000) in gross receipts from business operations, both in-state and out-of-state, per calendar year; and 4) the business is not otherwise registered with the board to report use tax.

Beginning in September 2009 through December 2009, the BOE sent approximately 180,000 initial notification letters to qualified purchasers informing them of the new use tax registration and reporting requirements, and also informing the taxpayer that the BOE would be creating an account for them so that they’ll be able to report and pay their use tax liability. A taxpayer who meets the requirements of a qualified purchaser, but has not received a letter from the BOE, is still obligated to comply with the new law and register and file a use tax return by April 15.

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 remit sales tax to the BOE. Use tax rates are the same as sales tax rates, which vary in California from 8.25% to 10.75%, depending on location.

The BOE is committed to helping all California businesses and individuals comply with the state's complex and changing tax laws. The Board Members are scheduled to discuss issues related to the implementation of this new registration and use tax reporting program at their public Board meeting on March 23-25 at the BOE Headquarters Building in Sacramento.

Vice Chairperson Jerome E. Horton is the 4th District Member of the BOE, representing more than 8.5 million residents in Los Angeles County. He is also the BOE Legislative Committee chair. Horton is the first African American to serve on the BOE since its inception in 1879, and the third African American constitutional officer in California's history. Horton was appointed by the Governor and confirmed by both the Assembly and the Senate in 2009. Horton previously served as an Assembly member from 2000-2006.

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.

On the BOE website: www.boe.ca.gov:

March 2010 Welcome Letter to Business: www.boe.ca.gov/news/pdf/qp_a.pdf

eFile Sales & Use Tax website: www.boe.ca.gov/electsv/efiling/sutd.htm

Frequently Asked Questions on Use Tax Program: www.boe.ca.gov/sutax/useTaxRegFAQ.htm

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