



State Board of Equalization

News Release

Michelle Steel, Member

3rd District – Rolling Hills Estates

Ramon J. Hirsig
Executive Director
www.boe.ca.gov

For Immediate Release
February 25, 2010

Contact: NR 23-10-S
Anita Gore
916-327-8988

New Use Tax Program for Businesses Begins with eFiling *180,000 Registered Businesses Notified to eFile Use Tax Returns Starting March 1*

Michelle Steel, Third District Member of the State Board of Equalization (BOE), today announced 180,000 California businesses will be automatically registered by March 1 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 an account number, express login code, and directions to efile online at www.boe.ca.gov.

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.

Elected to the Board of Equalization in 2006, Michelle Steel serves as Southern California's elected taxpayer advocate. In 2008, Steel uncovered a \$42 million mistake in the agency's sales tax refund procedures. Following her investigation, the tax agency refunded tax security deposits to over 5,500 small businesses.

The five-member California State Board of Equalization (BOE) 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/electsrv/efiling/sutd.htm

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

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