



State Board of Equalization

News Release

Chairwoman Betty T. Yee

1st District – San Francisco

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Deadline Approaching for Use Tax Extension

Betty T. Yee, Chairwoman of the State Board of Equalization (BOE), today reminded taxpayers required to register and make use tax payments directly to the BOE, and who also requested an extension, that the May deadline is fast approaching. BOE has made it easier to request relief from penalties and file for a one-month extension.

To date, more than 193,000 have registered with the BOE under the new law, and 79,748 have filed returns, with tax payments of \$18.7 million.

At its March Board Meeting, Board Members heard from the taxpayer community that the April 15 deadline for filing created hardship for many businesses. The Board directed staff to make it clear to taxpayers that they may request relief from penalty and an extension. In response, forms for both requests were placed on the home page of the BOE website and other locations convenient for the taxpayer.

Other items to assist taxpayers include a [Frequently Asked Questions web page](#), a step-by-step [use tax e filing video tutorial](#), and [publication 126, Mandatory Use Tax Registration for Service Enterprises](#) located on our website at www.boe.ca.gov. Additional links have been added to the BOE website to make it easier for taxpayers to find information and efile their returns.

Use tax is the equivalent of sales tax and is owed on taxable sales of products purchased from out of state vendors who did not collect sales tax. Use tax rates are the same as sales tax rates, which vary in California from 8.25% to 10.75%, depending on location. California use tax has existed since 1935 and was established to eliminate the price advantage out-of-state retailers would have over California businesses that pay sales tax to the BOE.

The new registration requirement, created by the Legislature and signed by the Governor, applies to service businesses that are either an individual, partnership, corporation, or other business entity that meets all of the following conditions: 1) the 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; 2) the business is not required to hold a seller's permit or certificate of registration for use tax; 3) the business is not a holder of a use tax direct payment permit; and 4) the business is not otherwise registered with the board to report use tax.

Those taxpayers subject to the new registration requirements must file returns for years 2007, 2008, and 2009. While the due date for the 2009 calendar year was April 15, 2010, a one-month extension was easily secured by those who could not meet the deadline. The due date for years 2007 and 2008 are January 31, 2008 and January 31, 2009, respectively.

While a ten percent penalty applies for all late returns, qualified purchasers may request a relief of the late payment penalties imposed pursuant to this new use tax registration requirement. Taxpayers may download form [BOE-735](#), *Request for Relief of Penalty*, from our website.

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.

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. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

For more information:

Use Tax eFile Tutorial: www.boe.ca.gov/electsrv/efiling/efile_demo/efile_use_tax.htm

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

Publication 126, *Mandatory Use Tax Registration for Service Enterprises*: www.boe.ca.gov/pdf/pub126.pdf

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