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Holiday Gift Cards Will Go Farther before the New Year
Four-Year Statewide Sales Tax Increase Effective January 1, 2013

Sacramento – Board of Equalization Vice Chair Michelle Steel is reminding California consumers that they may not be able to purchase as much with the gift cards they receive this holiday after January 1, 2013 when the voter-approved 0.25 percent statewide sales and use tax increase takes effect.

“Higher sales tax will mean lower purchasing power for California consumers after the New Year,” said Steel. “This increase will hit all Californians who make taxable purchases, but BOE data show that it will disproportionately affect the lowest-income earners in the state who spend a higher proportion of their income on taxable goods.”

The tax increase enacted by passage of [Proposition 30](#) raises the state’s sales and use tax rate for four years—January 1, 2013, through December 31, 2016. Those who make taxable sales in California will be required to collect, report, and remit, the additional 0.25 tax to BOE beginning in 2013.

Across California, the sales and use tax rate will range from 7.50 percent to 10.00 percent because in some cities and counties, voter-approved district taxes are added to the statewide base rate.

DETAILED DESCRIPTION OF THE SALES & USE TAX RATE

Rate	Jurisdiction	Purpose
3.6875%	State	State General Fund
0.25%	State	State General Fund
0.25%	State	State’s Fiscal Recovery Fund (2004 Economic Recovery Bonds)
0.50%	State	Local Public Safety Fund (1993)
0.50%	State	Local Revenue Fund (Health and Social Services)
1.0625%	State	Local Revenue Fund 2011 (Public Safety)
0.25%	State	Initiative Constitutional Amendment (Proposition 30)
0.25%	Local	0.25% County Transportation Funds
0.75%	Local	City or County Operations
7.50%	State/Local	Total Statewide Base Sales and Use Tax Rate on January 1, 2013

California sales tax generally applies to retail sales of goods and merchandise except those sales specifically exempted by law. Use tax is the same rate as the sales tax, and generally applies to the storage, use, or other consumption of goods in California purchased from retailers in transactions

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that are not subject to sales tax. For example, use tax may apply to purchases shipped to California consumers from other states, including purchases by mail order, telephone, or Internet.

The sales and use tax rate increase will not apply to purchases of gasoline. However, the sales and use tax rate increase will apply to purchases of diesel fuel.

The BOE's [media resource page](#) has helpful information about Proposition 30 for consumers and retailers.

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Elected to the Board of Equalization in 2006 and re-elected in 2010, Michelle Steel serves as *Southern California's elected taxpayer advocate*. In December 2007, Steel discovered the Board of Equalization had delayed the return of millions of dollars in security deposits owed to California businesses. Procedures were changed due to Steel's decisive leadership. Following her investigation, the tax agency refunded tax security deposits to over 5,500 small businesses. To date, over \$100 million in security deposits have been returned to taxpayers.

The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects more than \$53.7 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.

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