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Before Using Lookup Table, Check if You Owe “Use Tax”

Sacramento – The deadline for Californians to file personal income tax returns has been extended to April 17 this year, and Board of Equalization Vice Chair Michelle Steel wants to remind taxpayers to check if they owe “use tax” before using the *Use Tax Lookup Table* provided with their income tax returns.

In 2011, the State Legislature passed a law requiring the State Board of Equalization and Franchise Tax Board to create a *Use Tax Lookup Table*. Californians will find the table included in the instructions that accompany tax Forms 540, 540A, and 540EZ.

“Use tax is not computed based on income, but on taxable purchases for which sales tax was not collected,” said Steel. The Lookup Table allows taxpayers to *estimate* “use tax”, based on California Adjusted Gross Income, on any number of non-business purchases of individual items less than \$1,000 each. Taxpayers may choose to use the lookup table to estimate tax they might owe if they do not have the receipts documenting actual purchases.

What is “use tax”?

In its simplest form, it is tax due on any item bought from an out-of-state retailer that will be “used” in California, that if purchased in the state would have been subject to sales tax. Generally, the use tax rate is equal to your local sales tax rate.

“While all Californians have an obligation to pay use tax if they owe it, they do not have to estimate an amount that is greater than what they actually owe,” said Steel.

Use tax is not an “Internet tax”. It has been on the books since 1935.

Use Tax Lookup Table

CA Adjusted Gross Income (AGI) Range	Use Tax Liability
Less Than \$20,000	\$7
\$20,000 to \$39,999	\$21
\$40,000 to \$59,999	\$35
\$60,000 to \$79,999	\$49
\$80,000 to \$99,999	\$63
\$100,000 to \$149,999	\$88
\$150,000 to \$199,999	\$123
More Than \$199,999	Multiply AGI by 0.070% (0.0007)

Before using the lookup table, taxpayers should check their receipts and invoices to see if sales or use tax was collected at the time of sale. Taxpayers should also look for other indications that there is no

use tax obligation, or that it has been taken care of, for example a notation that an item was shipped from within the state, or an invoice or statement that California tax requirements have been met.

The *Use Tax Lookup Table* is estimated to bring in \$10.6 million annually.

For more information on sales and use tax rates, visit www.boe.ca.gov/sutax/pam71.htm, or call us at 800-400-7115.

Use Tax Lookup Table: http://www.boe.ca.gov/info/use_tax_table.html.

Use Tax Frequently Asked Questions: <http://www.boe.ca.gov/sutax/faquusetax.htm>.

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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 \$50 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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