

For Immediate Release
November 20, 2014

NR 160-14-G
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Online Shopping Could Spur Funding for California's Vital Public Services

Sacramento – As California consumers load up online shopping carts this holiday season, they might not realize these purchases are taxed to support vital public services. Online shoppers who are not charged sales tax may owe use tax, which has been imposed on purchases from out-of-state retailers since 1935. Like sales tax, use tax helps fund public safety, education and more.

Use tax is charged on purchases made from out-of-state retailers on items that are used, stored, or consumed in California. If a buyer makes a taxable purchase (e.g., purchases of books, electronic equipment, and toys) from any out-of-state retailer and is not charged tax, the buyer is responsible for paying use tax. The easiest way to know if you may owe use tax is to review your receipt to see if you were charged sales tax.



“Some shoppers haven’t heard of use tax, but it has been providing support for public services for decades - long before the Internet existed,” said BOE Executive Director Cynthia Bridges.

Last year, businesses and California residents paid more than \$4.6 billion in use tax. However, BOE estimates that more than \$1 billion goes unpaid each year, enough to pay the salaries of more than 11,000 teachers or 7,000 police officers.

Consumers can find out if they owe use tax by looking at receipts from online purchases to see if sales tax was charged. If not, they may owe use tax.

Use tax can be paid on the [BOE website](http://www.boe.ca.gov), and through the BOE’s Mobile App available for [Apple](#) and [Android](#) devices. Use tax can also be paid on California state income tax forms for which an easy-to-use [Use Tax Lookup Table](#) can be used to estimate the amount owed if receipts for the purchases are not available.

Editor’s Note:

- Watch the BOE’s use tax video on gift-buying: <http://bit.ly/BOEGIFT>
- See the BOE’s media resource page on use tax for facts, videos, and graphics: <http://bit.ly/USETAX>
- Learn more about use tax: www.boe.ca.gov/sutax/usetax.htm#page=Overview

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The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects \$56 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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