



State Board of Equalization

News Release

Vice Chair Michelle Steel

3rd District – Orange County

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Use Tax – What You Should Know Before Filing Your State Income Tax Return

Sacramento – Michelle Steel, Vice Chair of the State Board of Equalization, reminds Californians preparing their 2013 state income tax returns to remember to check their receipts carefully before paying use tax.

"Now that certain online retailers are required to collect California sales tax, it is especially important that consumers save their receipts and invoices to see if sales or use tax was collected at the time of sale," said Ms. Steel. "Consumers 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."

Adjusted Gross Income Range	Use Tax Liability
Less Than \$10,000	\$2
\$10,000 to \$19,999	\$5
\$20,000 to \$29,999	\$8
\$30,000 to \$39,999	\$11
\$40,000 to \$49,999	\$15

This is a portion of the 2013 Use Tax Lookup Table

If consumers do not see a line item for the sales tax charged on their bills when making these purchases, they may be responsible for paying the use tax on their own, based on the tax rate for the area in which they live.

Use tax may be owed on items used in California that were purchased without paying tax from an out-of-state online or mail-order retailer. Use tax is not an "Internet tax" and has been California law since 1935.

For example, California residents would owe use tax if they buy tangible personal property, such as flowers, consumer electronics, clothing, or small appliances for their use at home from an out-of-state retailer who did not charge tax.

It is easy to calculate and pay any use tax owed. The BOE provides three easy ways:

- Use the ePay Mobile App on an Apple or Android smartphone – the application calculates what you may owe;
- Register and pay on the BOE website;
- Report on your California state income tax forms: estimate the tax owed with the BOE's Use Tax Lookup Table, or save your receipts and pay the exact amount owed.

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Vice Chair Steel reminds taxpayers to be careful not to overpay their use tax if they choose to use the lookup table. The lookup table calculates use tax liabilities based on adjusted gross income. However, "the amount of use tax owed is not a percentage of income, but of taxable purchases for which sales tax was not collected," said Steel. "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."

In the previous fiscal year, use tax revenues paid through California income tax returns grew 12 percent.

Editor's Note: Watch BOE's [Use Tax Table Public Service Announcement](#)

Helpful Links

Find a sales and use tax rate by [address](#).

For more information about Use Tax, visit the BOE's [media resource webpage](#).

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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 \$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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