BOE Fights Unfair Illegal Sales Suppression

Did you know that some businesses use illegal sales suppression software to falsify their electronic records in order to evade paying tax? This provides an unfair advantage over honest taxpayers who pay their fair share of taxes. It also cheats the state out of tax dollars used to supply needed services to Californians. The Board of Equalization (BOE) is committed to fighting the use of illegal sales suppression software and leveling the playing field for all businesses.

What is sales suppression software?
Sales suppression software, often called “zappers,” allows the user to remove or change sales transactions in electronic point of sale (POS) recordkeeping systems. The user then under-reports their taxable sales by making it appear they sold less than they actually did.

How does the BOE fight illegal sales suppression?
BOE auditors may make undercover merchandise buys to determine if a suspected business is illegally suppressing sales. If the BOE detects the use of sales suppression software, the reported sales amounts will be disregarded and the BOE will establish taxable sales using recognized audit techniques, including, but not limited to calculating sales based on:

- Cash to credit card payment ratios
- Purchase information obtained from suppliers
- A daily sales average

Anyone caught using illegal sales suppression software could be sentenced up to three years in jail, fined up to $10,000, and be required to pay all illegally withheld taxes owed, including penalties and interest.

Get a receipt!
You can help us fight illegal sales suppression by asking for a receipt when you purchase food, beverages, or other merchandise, especially when you pay with cash. This discourages dishonest businesses from removing or changing sales in their electronic records and helps the BOE identify those businesses who illegally suppress sales.

Public awareness and involvement is essential in eliminating sales tax evasion. If you suspect sales suppression is being used in a business, save your receipt and report the suspected sales tax evasion by contacting our Tax Evasion Hotline at 1-888-334-3300 or submit a complaint by email at www.boe.ca.gov/info/complaint.htm.