



# Special Notice

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## New Tax Rate Takes Effect on April 1, 2004, for the City of Point Arena

### City of Point Arena: 7.75%

Voters have approved a 0.50% City of Point Arena Transactions and Use Tax, which will increase the tax rate within the city limits from 7.25% to 7.75%.

*Note:* Point Arena is located in Mendocino County. The tax rate in the areas of the county outside the city of Point Arena and the city of Willits (which also has a 7.75% tax rate) will remain at 7.25%.

### Which retailers must collect tax at the new rate?

You must apply the new sales and use tax rate for the City of Point Arena if you

- Are a retailer in the city and your merchandise is sold and delivered within the city.
- Are a retailer located outside of the city who is engaged in business in the city and you sell merchandise for use in the city. You are considered to be engaged in business in the city if you (1) have any type of business location there, (2) deliver into the city using your own vehicles or (3) have an agent or representative in the city for the purpose of taking orders, selling, delivering, installing, or assembling.
- Are a dealer of vehicles, vessels, or aircraft and sell those items to customers who register them to an address located in the city.
- Collect tax on lease payments you receive for leased property used by the lessee in the city.

If you are not required to collect the additional district tax, as described above, the purchaser is liable for the tax.

### Is there an exemption from the tax rate increase?

In general, fixed-price contracts and fixed-price lease agreements entered into prior to April 1, 2004, are subject to the tax rates in effect at the time you and your customer entered into the contract. To qualify as "fixed-price," neither party can have the unconditional right to adjust the price for an increase in costs or terminate the contract or lease [Revenue and Taxation Code section 7261(g) or 7262(f)]. In addition, the tax amount or rate must be specifically stated in the contract. If the contract or lease qualifies as fixed-price, you should continue to report and remit the specified tax rate – that is, the rate in effect at the time you entered into the contract.

### Rate Charts Available

For your convenience, a 7.75% rate chart is available for sales up to \$100 (form BOE-180-7.75%). If you would like to order a copy, please call the Information Center or go online to [www.boe.ca.gov](http://www.boe.ca.gov).

### □ For More Information

If you have any questions regarding this notice, please call our Information Center at 800-400-7115. Staff are available from 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding State holidays.