

# Tax Information Bulletin

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California State Board of Equalization  
P.O. Box 942879, Sacramento, CA 94279-0001

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## Taxable sales for event planners

Event planning contracts are often quite complicated and tax treatment of these contracts may vary depending on the circumstances. This article is intended to provide general guidance to event planners.

In general, fees or markups charged by event planners for design, coordination and supervision of events and special venues are subject to tax when they involve sales of tangible personal property. Contracts that are presented as a lump sum charge in which a portion applies to serving meals, food, drinks or other transfers of tangible personal property are subject to tax. These charges are regarded as retail sales of tangible personal property and require the event planners to hold a California seller's permit and to report and pay sales tax on their retail sales.

Tax generally does not apply to *separately stated charges* for services unrelated to taxable sales such as *optional* entertainment or any staff such as coat-check clerks, parking attendants, or security guards, who do not directly participate in preparing, furnishing, or serving food. However, if you do not itemize

charges on your records, your entire charge may be subject to tax.

Optional service charges related to nontaxable sales are not taxable if you itemize the charges to your customer. You should:

- List the taxable and nontaxable charges separately on the invoice,
- Separately state the sales, and
- Keep separate records of taxable and nontaxable charges.

Examples:

- *Coordination of Catering and/or Restaurant Visits.* Charges for providing meals, food, or beverages and/or restaurant meals and beverages are generally subject to tax. Management and coordination charges are also taxable.
- *Gifts, Awards, Keepsakes, etc.* Charges for plaques, t-shirts, photographs, CDs, and DVDs are subject to tax. Any related charges, such as coordination of the photographer who will photograph the event, are also subject to tax.
- *Decoration and Coordination.* If the decorations are related to taxable transactions, such as decorations for dining tables, buffets, omelet making stations, taco bars, or

beverage bars, the charges are taxable. On the other hand, if the décor is for a stage where a speaker will make a presentation or where other nontaxable optional entertainment takes place, separately stated charges would generally be nontaxable.

- *Airport Transportation.* Generally, separately stated charges for coordinating these services are not taxable.
- *Parking Attendants, Security Guards, DJs, Musicians, Clowns, Comedians, etc.* If services are optional, charges for coordinating these personnel are not subject to tax.
- *Coordination of Sightseeing Tours.* Charges for the tour and for coordinating the event are not taxable provided there are no items transferred to the participants. However, if the tour includes a luncheon or wine gift basket, the portion of the charge for the tour related to the sale of the meals and baskets would be taxable.
- *Bus Tour Catering.* A bus tour business may provide food and beverages served en route to different destinations throughout California. The restaurant sells the meals to the bus company who

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resells them to the bus patrons. All charges for the food preparation and service of food are taxable. If the bus company provides other services, such as a bus driver, or other staff that does not directly participate in the preparation or service, the charges for these services are not taxable if these charges are separated on the invoice.

For questions regarding whether your charges for planning and coordinating events, activities, or tours are taxable, please contact our toll-free help line at 800-400-7115. Staff are available from 8:00 am to 5:00 pm, Monday to Friday, excluding state holidays.

## Tax rate change for 2008 IFTA and Interstate User Diesel Fuel licenses

The tax you normally report and pay with your quarterly fuel tax return for diesel fuel that you purchase outside California and use in the state has been decreased to 36.6 cents per gallon for the period January 1, 2008 through December 31, 2008. You may also claim a credit of 36.6 cents per gallon for the gallons of tax-paid diesel fuel purchased in California and used both inside and outside the state.

The 36.6 cents per gallon reflects:

- 18 cents per gallon of diesel fuel tax and
- An additional excise tax of 18.6 cents per gallon. (This rate is equal to 7.25 percent of the average retail price of motor vehicle fuel sold in California. This amount is calculated annually for the period January 1 through December 31.)

If you have any questions concerning this change, please call the Motor Carrier Section at 916-322-9669 or call the Board of Equalization's Information Center, 800-400-7115.

- In writing,
- Identify the amount(s) you wish to contest (you may contest all or part of the amount due as shown in the determination),
- State the specific grounds or reasons for your belief that you do not owe the tax, and
- Be signed by you or your authorized representative.

You may also use a BOE-416, *Petition for Redetermination*, to file an appeal.

If you do not take either action within that time period, you will be assessed a penalty equal to ten percent of the unpaid taxes due. If you do not pay the billed amount, the Board may take collection actions, including filing liens or levies.\*

If you miss the filing deadline, you may still appeal the liability, but you must do so by paying the liability and then filing a claim for refund and requesting an appeals conference. For more information, you should read publication 17, *Appeals Procedures*. You may download a copy of this publication from our website, [www.boe.ca.gov](http://www.boe.ca.gov).

### How to file a claim for refund

You must send us a written claim for refund. You can use the form BOE-101, *Claim for Refund or Credit* or send us a letter. Your claim must state all of the following:

- The specific reasons you paid too much tax.
- The excess tax amount you paid, if you know it. If you're not yet sure of the amount, you may file for an unspecified amount. If you can, please break down your total overpayment into state, local, and district tax amounts (specify the district or districts).
- The reporting period or periods for which you paid too much tax (your claim can cover more than one reporting period).
- You must sign and date your claim. Please include your phone

## The need to file a timely claim for refund

### Petition for redetermination

If an audit results in you receiving a Notice of Determination (billing), indicating that you owe additional taxes, please note the mailing date of that notice. Within 30 days of that date, you must either pay the billed amount, or file an appeal that must be:

number so that we can contact you if we have questions or need more information.

While your claim is pending, you must continue to pay the full amount of tax due with your returns. Do not take a credit on your return for the amount of your claim. If you take a credit on a current return before we approve your claim, we will bill you for the balance due with the return, plus applicable penalty and interest.

For more information about refunds, you should read publication 117, *Filing a Claim for Refund*. You may download a copy of this publication from our website, [www.boe.ca.gov](http://www.boe.ca.gov).

#### **\*A Note About Interest**

While an appeal is pending, interest accrues on the amount of taxes due. To stop or limit the accrual of interest while your appeal is pending, you may wish to pay all or part of the taxes due.

In making this decision, you should keep in mind that the interest rate the Board pays on refunds is significantly lower than the interest rate you must pay on amounts you owe the Board.

## **Most businesses must pay the environmental fee**

Because of a change in Hazardous Waste Fee law, your business may be required to pay the state's annual environmental fee.

The environmental fee has been in effect since 1989, but it applied only to corporations. Assembly Bill 1803 (Stats. 2006, ch. 77), enacted in the fall of 2006, expanded the fee to also apply to general partnerships, limited partnerships, limited liability partnerships, limited liability companies, and sole proprietorships.

The change goes into effect for the 2007 calendar year, with the fee for the newly covered businesses due in February 2008.

## **Which businesses owe the fee?**

In general, your business owes the environmental fee if you:

- Use, generate, or store hazardous materials or conduct activities related to those materials (see below), and
- Have 50 or more employees employed in this state more than 500 hours in a calendar year.

The Department of Toxic Substances Control (DTSC) has determined that nearly all types of businesses use, generate, store, or conduct activities related to some type(s) of hazardous materials. The fee varies according to the total number of qualifying employees.

## **What does the fee do?**

The fee provides funds for hazardous waste cleanup and pollution prevention programs administered by the DTSC. BOE is responsible for collecting the fee.

## **For more information**

More information about this program can be found in publication 90, *Environmental Fee*. To learn about the environmental fee program or to obtain an application (BOE-400-EFA), please visit our website at [www.boe.ca.gov](http://www.boe.ca.gov). Type the term "Environmental Fee" in the search box and you'll gain access to a listing of related information on our website.

## **Ethics at work — "thank you" is enough**

During the holiday season, many of you offer gifts to customers, suppliers, and others with whom you do business. We must ask, however, that you not extend your generosity to our employees. A simple "thank you" or "happy holidays" will do—and will be much appreciated. Board of Equalization policy prevents our employees from accepting gifts of any type.

## **Annual Taxpayers' Bill of Rights Hearings to begin**

Do you have suggestions for improving our services? Do you want us to look more closely at a tax or fee issue? If you do, come share your ideas and concerns with our Board Members at the annual Taxpayers' Bill of Rights hearings. You can present your proposal orally or in writing.

The annual business and property taxes hearings for 2008 will be held in Culver City and in Sacramento in early Spring 2008. The dates and times were not yet set when this article went to press, but you may check the Board's website or contact the Taxpayers' Rights Advocate for details (see below).

Although you are not required to make advance arrangements to speak, it would help us to prepare if you contacted the Taxpayers' Rights Advocate Office at 888-324-2798 beforehand to let us know your topic. If your proposal is complex or extensive, we encourage you to submit it in advance and then summarize it in your oral presentation.

For more details, please call the Advocate's Office or visit us at [www.boe.ca.gov](http://www.boe.ca.gov) (click on the tab "Your Rights" and choose "Taxpayers' Rights Advocate"), where you can also view the office's 2006-07 annual report, which will be available soon.

## **Change of business or mailing address**

Has your business moved or your mailing address changed? Have you notified the Board of Equalization of the new address?

It is important to notify the Board of Equalization promptly of any changes in address.

The correct way to notify the Board of Equalization of a new business

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and/or mailing address is to use form BOE-345, *Notice of Business Change*. This form can be found on the Board of Equalization's website, [www.boe.ca.gov](http://www.boe.ca.gov) or from any district office.

Changing the address on your sales tax return is not sufficient to notify the Board of Equalization of the change.

If the Board of Equalization sends mail which is returned as undeliverable and the new address cannot be found, the permit could be closed. It is also important that the portion of the sales tax which goes to the city or county in which the business is located goes to the correct city or county. Your cooperation in helping to keep the Board of Equalization's records correct will be appreciated.

## Small business fairs

To help you with the ins and outs of running your business, we've developed a free "one-stop-shop" event for small business owners. Representatives from government agencies and nonprofit organizations will be there to assist you in learning how to manage a successful business.

Be sure to check [www.boe.ca.gov](http://www.boe.ca.gov) in January for the 2008 schedule of small business fairs.

## Long Beach satellite office closed

The Long Beach Satellite Office closed for public service permanently on September 28, 2007. Accounts previously served at the Long Beach office will be served by the Santa Ana District Office, 28 Civic Center Plaza, Room 239, Santa Ana, CA 92701-4011.

The decision to close the Long Beach Office was made after much consideration about how taxpayers would be affected. The closing is

part of the Board's efforts to operate more efficiently and still provide quality taxpayer services. The Santa Ana Office provides the full range of services you received from the Long Beach Office. The Board also offers service through [www.boe.ca.gov](http://www.boe.ca.gov) and a toll-free line at 800-400-7115.

## Supplemental articles now online

Additional articles of interest that we weren't able to include in this print version are now available online.

The supplemental articles for this issue are:

- New publication 122, *Buying and Selling Dogs, Cats, and Other Non-food Animals*
- OAL Amendments and Regulations
- Foreign Purchases
- Closing out Special Taxes and Fees Accounts
- E-filing News

Visit [www.boe.ca.gov](http://www.boe.ca.gov) and view the menu page for the online version of the current *Tax Information Bulletin* to access the supplemental articles. Call 800-400-7115 to receive them by fax or mail.

## New or revised reference material

### New Publications

- 120 Cell Phones and Other Wireless Telecommunication Devices 7-07

- 122 Buying and Selling Dogs, Cats, and Other Non-food Animals 8-07

### Revised Publications

- 68 Tax Tips for Photographers, Photo Finishers, and Film Processing Laboratories 7-07
- 103 Sales for Resale 7-07
- 107 Do You Need a California Seller's Permit? 7-07
- 111 Operators of Swap Meets, Flea Markets and Special Events 7-07
- 118 Selling Food in Vending Machines 7-07

### New Translated Publications

- 54 Chinese and Korean (C,K), Tax Collection Procedures
- 152 Spanish, Chinese, Korean, and Vietnamese (S,C,K), Cigarette and Tobacco Product Inspections

### Revised Translated Publications

- 17-S Appeals Procedures (Sales and Use Taxes and Special Taxes)
- 31-K Tax Tips for Grocery Stores
- 51-V Guide to Board of Equalization Services
- 70 Chinese and Korean, California Taxpayers' Bill of Rights
- 73-K Your California Seller's Permit

## For More Information

All telephone numbers are toll-free

<b>Internet</b>	<a href="http://www.boe.ca.gov">www.boe.ca.gov</a> ■ <a href="http://www.taxes.ca.gov">www.taxes.ca.gov</a>
<b>Information Center</b>	800-400-7115 ■ TDD/TTY: 800-735-2929
<b>Requests for Fax Copies</b>	800-400-7115 (Choose automated services)
<b>Seller's Permit Verification</b>	888-225-5263 ■ <a href="http://www.boe.ca.gov">www.boe.ca.gov</a>
<b>Taxpayers' Rights Advocate</b>	888-324-2798 ■ <a href="http://www.boe.ca.gov">www.boe.ca.gov</a>
<b>Tax Evasion Hotline</b>	888-334-3300
<b>State Legislation</b>	<a href="http://www.leginfo.ca.gov/bilinfo.html">www.leginfo.ca.gov/bilinfo.html</a>