



Sales and use tax rate may increase January 1, 2013

The statewide sales and use tax rate may increase by .25% from 7.25% to 7.50% on January 1, 2013, if California voters approve Proposition 30, a constitutional amendment on the November 6, 2012, statewide election ballot that would increase the statewide tax rate for four years from January 1, 2013 through December 31, 2016. This Tax Information Bulletin was completed prior to the November 6 election. The Board of Equalization (BOE) will provide additional guidance in November if the amendment is approved. Updates on the status of the potential statewide sales and use tax increase will be posted on the BOE website at www.boe.ca.gov.

If the amendment is approved, tax rates will be higher than 7.50% in cities and counties that have voter-approved district taxes. If you are located in a special tax district, your sales or purchases would be subject to the increased statewide rate of 7.50% plus the applicable district tax rate. A comprehensive listing of current tax rates are published on the BOE website at www.boe.ca.gov/sutax/pam71.htm.

If you have questions about this notice or the potential tax rate increase, please visit our website or call our Taxpayer Information Section at 1-800-400-7115.

Lumber and engineered wood products assessment beginning January 1, 2013

Beginning January 1, 2013, purchases of lumber products and engineered wood products for use in California will be subject to a one percent assessment based on the selling price of the products.

Who is required to pay the assessment to the BOE under the new law?

As a retailer selling lumber products and engineered wood products to California consumers, you will be required to collect the one percent (1%) lumber products assessment from your customers and pay the assessment to the BOE. You must separately state the assessment on the sales receipt. The assessment is not subject to sales or use tax.

Purchasers are liable for the 1% assessment on purchases from out-of-state retailers of lumber products or engineered wood products for use in this state and must register with the BOE to report and pay the assessment.

How do I report and pay the assessment?

A lumber products assessment schedule will be included with the sales and use tax return for affected retailers to report and remit the assessment when electronically filing (eFile) your return. You may offset your reported lumber products assessment amounts for certain costs incurred to begin collecting the assessment. The BOE is currently drafting an emergency regulation to provide guidance to retailers on the reimbursable costs. To check the status on our website, click the Laws, Annotations, Rules and Regulations topic, and follow the link for "Status of BOE Proposed Rules and Regulations." If you do not currently efile and are a retailer of lumber or engineered wood products, go online to www.boe.ca.gov, click the "eService" tab, and follow the instructions to begin efilings your sales and use tax return.

How do I pay the assessment to the BOE as a purchaser?

You may register electronically to report the lumber products assessment by visiting our website at www.boe.ca.gov and using the BOE's new eReg feature; click the [eServices](#) tab, follow the link to register.

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What products are subject to the assessment?

In general, lumber products and engineered wood products subject to the 1% assessment are defined as “primary” wood products produced directly from forest trees in which wood is a principal component (at least ten percent of total content). Lumber products and engineered wood products do not include “secondary” wood products where there has been additional labor thus adding significant value to the product, such as wood products that have been manufactured, assembled, processed, or produced from primary wood products.

For more information about products subject to the lumber products assessment, visit CAL FIRE’s website at www.bof.fire.ca.gov, and follow the link for Emergency Regulation to Implement “Lumber Products Assessment.”

For more information

For additional information from the BOE, please go online at www.boe.ca.gov to view our frequently asked questions (FAQ’s) regarding the lumber products assessment or call our Taxpayer Information Section at 1-800-400-7115.

Tax relief for counties affected by wildfires

Emergency tax relief is available from the BOE for business owners and feepayers directly affected by the wildfires in Plumas, Shasta, and Tehama counties and who, as a result, could not meet the filing and payment deadlines. Tax relief may include extending filing return dates, relieving penalties and interest, or replacing copies of records lost to fire damage.

One-month extension of filing deadline

Special relief in the form of a one-month extension of time to file and pay taxes or fees is available in all of the following BOE administered programs:

Sales and use taxes; gasoline tax; use fuel tax; alcoholic beverage taxes; cigarette and tobacco products taxes; jet fuel tax; diesel fuel tax; interstate user tax; timber yield tax; integrated waste management fee; California fire prevention fee; occupational lead poisoning prevention fee; underground storage tank maintenance fee; oil spill response, prevention, and administration fees; energy resources surcharge; emergency telephone users surcharge; natural gas surcharge; ballast water fee; electronic waste recycling fee; water rights fees; and hazardous waste fees.

The BOE has also extended the deadline for filings that were delayed by disruption of service of the United States Postal Service or private mail and freight companies. Taxpayers and feepayers must include with their returns a statement signed under penalty of perjury that states the cause for the late filing including specific information about how the wildfires impacted their ability to report the taxes in a timely manner.

Relief of interest and penalties

You may request relief from interest and/or penalty online and file a request for an extension to file your return using eRelief Requests available from our website at www.boe.ca.gov under the [eServices](#) tab. This relief may be provided for the programs listed above.

Please note: The relief program for interstate user tax under the International Fuel Tax Agreement (IFTA) applies to California tax only. To waive interest and penalties for another jurisdiction, the BOE must receive written approval from the other jurisdiction. For information regarding IFTA, please call the Fuel Taxes Division at 1-916-322-9669 or 1-800-400-7115 and follow the prompts to Fuel Taxes.

Please dial “1” when calling for toll-free assistance

Californians with questions about the state’s fire prevention fee billings should contact CAL FIRE at 1-888-310-6447, according to the BOE.

Property owners in Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Glenn, Humboldt, Imperial, Inyo, Kern, Kings, Lake, and Lassen Counties may have received documents displaying the telephone number where the “1” was omitted before the toll-free telephone number. Bills sent after September 18, 2012, include the “1.”

The BOE is concerned that some recipients that had received the earlier notices and billings may not be dialing the “1” before “888” number. As a result, we are reaching out to the public with the corrected telephone number to ensure that callers are able to reach CAL FIRE to get their fee-related questions answered.



We would also like to remind feepayers with an inability to pay their fire fee billing in full that they can call the BOE toll-free at 1-800-400-7115, and select option “4,” to be connected to a representative in the Special Taxes and Fees section who can help them arrange a payment plan suitable to each feepayer’s financial situation. Even feepayers who have petitioned their billing with CAL FIRE may wish to contact the BOE to discuss a payment plan. If CAL FIRE determines that the fire fees are not owed, the BOE may refund to the feepayer any payments that have been made on their account.

New electronic filing option for cigarette manufacturers, importers, and distributors

The BOE has implemented a new return filing option for cigarette manufacturers, importers, and distributors. In order to improve the efficiency of the BOE programs and reduce your return filing workload, you now have the option to electronically file ([efile](#)) your returns and accompanying schedules. Participation in efilings is voluntary but due to its many benefits, it is highly recommended.

Taxpayers, who utilize this new efilings system, submit their data electronically through a secured Internet connection. All subsidiary schedule information is efiled as well, utilizing new “receipt” and “disbursement” schedules. Setting up your electronic filing templates may require some additional time initially; however, BOE staff is committed to assisting you through each step and answering any questions you may have.

Distributors using stamping machinery may have the ability to download reports from the cigarette stamping machine database directly into the efilings template.

We are confident you will find our new efilings option easy, fast, inexpensive, secure, and user-friendly.

If you have any questions or would like more information about how to transition from paper to efilings, please contact our Taxpayer Information Section at 1-800-400-7115 and follow the prompts to connect with special taxes and fees assistance.

New use tax collection requirements for out-of-state retailers

Beginning September 15, 2012, an out-of-state retailer is considered engaged in business in California and required to register with the BOE to collect and remit California use tax if the retailer has a substantial nexus with California. This includes, but is not limited to, an out-of-state retailer that:

1. Has an affiliate operating in California that refers potential customers to the retailer, by an Internet-based link, Internet website, or otherwise, under specified circumstances, or
2. Is a member of a commonly-controlled group and combined reporting group and has a member of the retailer’s combined reporting group and commonly-controlled group performing services for the retailer in California that help the retailer establish or maintain a California market for sales of tangible personal property, or
3. Maintains, occupies, or uses a place of business in California, has persons operating in California under its authority for the purpose of selling, delivering, installing, assembling, or the taking of orders for tangible personal property, or derives rentals from a lease of tangible personal property situated in California.

Under existing law before and after September 15, 2012, a retailer is considered engaged in business if the retailer: (A) maintains, occupies, or uses a place of business in California; (B) has persons operating in California under its authority for the purpose of selling, delivering, installing, assembling, or the taking of orders for tangible personal property; or (C) derives rentals from a lease of tangible personal property situated in California.

If you are a retailer that has a substantial nexus with California you can register for a California Certificate of Registration—Use Tax permit by applying online using [eReg](#) (BOE’s online electronic registration service).

For additional information regarding California’s use tax registration and collection requirements, see [Regulation 1684](#), *Collection of Use Tax by Retailers*, or go online to our [frequently asked questions](#) (FAQ’s) for New Use Tax Collection Requirements for Out-of-State Retailers Operative September 15, 2012.



Finding the correct district tax rate

Zip codes are designed for postal delivery, but more than one tax rate may apply in certain zip code areas. This may create errors with collecting taxes if you use zip code location software to determine district tax rates.

To address this issue, some cities have developed databases to help you identify addresses that are located within special taxing jurisdictions. To assist you in finding the correct tax rate, we've constructed a webpage that includes links to a number of these city address databases. You can view this page at www.boe.ca.gov/sutax/cityaddresses.htm.

If you have questions about the addresses, you should contact the cities directly.

Our website also includes a link to a free sales and use tax rate locator (www.geotax.com) that allows you to determine a tax rate for any address in the state. We provide the GeoTax link only as a public service. We do not maintain the website and are not responsible for the content or accuracy of the information shown on that site.

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 may present your proposal orally or in writing.

The dates and times for the 2013 business and property tax hearings, normally held in Sacramento and Culver City, were not yet set when this article went to press, but you may check our website or contact the Taxpayers' Rights Advocate for details.

Although you are not required to make advance arrangements to speak, it will help us to prepare if you contact the Taxpayers' Rights Advocate Office at 1-888-324-2798 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 Office or visit them at www.boe.ca.gov (click on the tab "Your Rights" and choose "Taxpayers' Rights Advocate"), where you can also view the office's latest annual report.

Civil behavior in trying times

We know that you may find yourself frustrated with the difficulties of the tax law or pressed for time when dealing with our staff. Still, we ask that you treat our employees just as you would like to be treated in a business situation. Any statement or gesture made to a BOE employee that seems like a threat—even a statement made in jest—will be referred to our Internal Affairs Section for investigation.

Ethics at work—"thank you" is enough

We'd like to remind you that BOE policy generally prevents our employees from accepting gifts of any type. So if you are grateful to someone for going the extra mile to help you with a complicated issue, a simple "thank you" will do. We do like to hear from our customers, so please feel free to use our online taxpayer survey at www.boe.ca.gov/info/survey.htm to let us know how we are doing.

For More Information

All telephone numbers are toll-free.

Internet

www.boe.ca.gov
www.taxes.ca.gov

Taxpayer Information Section

1-800-400-7115
(TTY:711)

Requests for Fax Copies

1-800-400-7115
(Choose automated services)

Seller's Permit Verification

1-888-225-5263
www.boe.ca.gov

Taxpayers' Rights Advocate

1-888-324-2798
www.boe.ca.gov

Tax Evasion Hotline

1-888-334-3300

State Legislation

www.leginfo.ca.gov/bilinfo.html

Connect with us:



California State
Board of Equalization
PO Box 942879
Sacramento, CA 94279-0001