



Special Notice

New Tax Rate Takes Effect on January 1, 2005, Increases for the Cities of Fort Bragg and Sonora

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City of Fort Bragg

Voters have approved a 0.50% City of Fort Bragg Transactions and Use Tax, which will be used to fund city street maintenance and improvements. It will increase the tax rate within the city limits from 7.25% to 7.75%.

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

City of Sonora

Voters have approved a 0.50% City of Sonora Transactions and Use Tax, which will be used to fund public safety. It will increase the tax rate within the city limits from 7.25% to 7.75%.

Note: Sonora is located in Tuolumne County. The rate in the areas of the county outside the city of Sonora will remain at 7.25%.

Which retailers must collect tax at the new rate?

You must apply the new sales and use tax rates for the above cities if you

- Are a retailer in the above cities and your merchandise is sold and delivered within the cities.
- Are a retailer located outside the cities who is engaged in business there and sell merchandise for use in the cities. You are considered to be engaged in business in the cities if you (1) have any type of business location there, (2) deliver into the cities using your own vehicles, or (3) have an agent or representative in the cities 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 those cities.
- Collect tax on lease payments you receive for leased property used by lessee in those cities.

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

Is there an exemption from the tax rate increase?

In general, fixed-price contracts and fixed-price lease agreements entered into prior to January 1, 2005, 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 or lease agreement. 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, 7.75% rate charts are available for sales up to \$100 (form BOE-180-7.75%). To obtain copies of this tax rate chart, please go online to www.boe.ca.gov or call our Information Center.

For More Information

If you have 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.

