

# TAX INFORMATION BULLETIN



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[www.boe.ca.gov](http://www.boe.ca.gov)

**e-services**  
BOARD OF EQUALIZATION

## New tax rates to take effect on July 1, 2012

Voters in the City of Fort Bragg and Santa Clara County have approved new district taxes that are effective July 1, 2012. Fort Bragg's new rates apply only within the incorporated limits of the city. The tax rates outside the incorporated city limits will remain the same. Santa Clara County (SVTB) is the only countywide increase. The City of Campbell (Santa Clara County) will have a code and rate change as a result of an existing district tax in that city.

AREA	NEW CODE	NEW ACRONYM	OLD RATE	NEW RATE
City of Fort Bragg (Mendocino County)	284	FBSS	7.875%	8.375%
Santa Clara County	281	SVTB	8.250%	8.375%
City of Campbell* (Santa Clara County)	282	CMPL	8.50%	8.625%

\*The code has changed and the rate is higher in this city in Santa Clara County which has an increase in additional county district tax.

### Make sure your email address is on your account to receive notice whenever a district tax rate change occurs.

The Board of Equalization (BOE) emails Special Notices to accounts with an email address to notify them whenever a rate change occurs. If you have not been receiving these, contact us at [www.boe.ca.gov/info/email.html](http://www.boe.ca.gov/info/email.html) to add your email address to your account.

### Do you need assistance determining whether an address is within city limits?

Some cities have developed databases to help you identify addresses located within special taxing jurisdictions. In cooperation with these cities, our website contains links to their address databases ([www.boe.ca.gov/sutax/cityaddresses.htm](http://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](http://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.

### For more information

The City and County Tax Rates page ([www.boe.ca.gov/sutax/pam71.htm](http://www.boe.ca.gov/sutax/pam71.htm)) on our website contains additional information regarding tax rates and district taxes. For a complete listing of California tax rates, you may also refer to [publication 71, California City and County Sales and Use Tax Rates](#). For information on district taxes, please refer to [publication 44, District Taxes](#), and [publication 105, District Taxes and Delivered Sales](#). You can download or order copies of the publications from our website or call our Taxpayer Information Section.

## Electronic payment of taxes— one day late?

Effective January 1, 2011, if your electronic tax payment associated with filing a return or prepayment is late by *only one business day*, you may be eligible to have the interest associated with the late payment reduced.

Interest is generally imposed on a monthly basis when a tax payment is late. Therefore, if payment is made one day late, interest is imposed for an entire month. The BOE-sponsored legislation to amend the law and add Revenue and Taxation Code (R&TC) section 6591.6. If the Board, meeting as a public body, finds, taking into account all the facts and circum-

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stances, that it is inequitable to compute interest on a monthly basis, interest will be computed on a daily basis from the date on which the tax or prepayment was due until the date of payment provided *all* of the following conditions are met:

- The payment of the tax or prepayment was made electronically.
- The payment of the tax or prepayment was made one business day after the due date.
- The taxpayer was granted relief from all penalties that applied to that payment of tax or prepayment.
- The person files a request for an oral hearing before the BOE.

Taxpayers may use [BOE-734](#), *Request to Compute Daily Interest for Electronic Payments*, to request the oral hearing.

*Note:* This does not apply to payments made pursuant to deficiency determinations, determinations where no return has been filed, or jeopardy determinations.

## **BOE merges the San Diego district and San Marcos branch offices in a new location in Northern San Diego**

The previous San Diego district office location at 1350 Front Street and the San Marcos branch office at 334 Via Vera Cruz, closed permanently on February 24, 2012. The San Diego and San Marcos offices consolidated and relocated to the new San Diego District Office at 15015 Avenue of Science, San Diego, CA, 92128.

The San Diego district office provides a full range of services including free parking, easy freeway access, and self-service kiosks. Services are also offered through our website and our Taxpayer Information Section at 800-400-7115 (TTY:711).

## **Reporting use tax by individuals**

The BOE has long been concerned about the large tax-gap associated with the underpayment of use tax. Use tax is imposed on any person who purchases tangible personal property for use, consumption, or storage in this state that is acquired from out-of-state without the payment of tax (section 6201). The use tax rate is generally the same as the sales tax rate at the location of the purchase. Examples of these types of purchases may include Internet purchases from eBay or Amazon.com.

Use tax is also one of the top areas of noncompliance by business taxpayers. However, as mentioned above you do not have to be in business to be subject to use tax. It is imposed on individuals as well as businesses that purchase tangible personal property from out-of-state retailers without the payment of tax.

In addition to paying the actual use tax amount based on receipts from online and out-of-state purchases, two recent Senate Bills 86 and 858 address the BOE's efforts in improving compliance at the individual level. Starting in 2003 an individual was provided the opportunity to report use tax through their individual income tax returns filed with the Franchise Tax Board (FTB). This option was available through taxable years ending in 2009. Senate Bill 858 now makes the payment of use tax through the individual income tax returns a permanent provision. This provision is applicable for tax years starting in 2010.

Furthermore, Senate Bill 86 now provides the option for the payment of use tax using a use tax table that is based upon California Adjusted Gross Income (AGI). This new provision applies to all single items of tangible personal property that are less than one thousand dollars. Single items of tangible personal property of one thousand dollars or more are calculated separately and added to the amount of the use tax table. This provision applies to nonbusiness purchases and is not allowed for individuals that are required to hold a California Seller's Permit or a Consumer Use Tax account. The use tax table can be found in the individual income tax booklet instructions provided by the FTB. For example, in the calendar year 2011 a use tax liability of \$88 would be due for an AGI ranging from \$100,000 to \$149,999. This amount would be added to use tax calculated on all single items of tangible personal property of one thousand dollars or more. This combined total would be reported on the individual income tax return. The BOE is required to provide annual use tax tables by July 30 of each calendar year to the FTB (section 6452.1). This provision is applicable for tax years starting in 2011.

## **Fiscal year 2012-2013 motor vehicle fuel and diesel fuel tax rates**

The BOE at its February 29, 2012, meeting, set new excise tax rates for motor vehicle fuel (gasoline) and diesel fuel for fiscal year 2012-2013. The new rates go into effect at 12:01 a.m., July 1, 2012, for the period July 1, 2012, through June 30, 2013.

In accordance with R&TC Code section 7360, the excise tax rate for gasoline for the period July 1, 2012 through June 30, 2013 will increase by \$0.003 from the current rate of \$0.357 to \$0.360 per gallon of gasoline.



In accordance with R&TC section 60050, the excise tax rate for diesel fuel for the period July 1, 2012, through June 30, 2013, will decrease by \$0.03 from the current rate of \$0.13 to \$0.10 per gallon for diesel fuel.

#### **For more information**

If you have any questions regarding this article, please call the BOE's Taxpayer Information Section at 800-400-7115 (TTY:711). From the main menu, select the Special Taxes and Fees option. Assistance is available weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.

## **Efiling coming to Cigarette Manufacturer (CM) and Cigarette Distributor (CR) reporting**

Electronic filing (efiling) is coming to cigarette reporting! Over the past few years, the BOE has been diligent in its efforts to deliver the opportunity to efile to its clients. We are pleased to announce that cigarette reporting for distributors and manufacturers will be joining the efile ranks later this year. Efiling will be available for the [BOE-501-CM](#), *Cigarette Manufacturer's Tax Return of Taxable Distributions in California*, and [BOE-501-CD](#), *Cigarette Distributor's Tax Report*.

The paper tax forms will also be changing to keep reporting requirements consistent regardless of filing method. Look for additional information about efilings and the changes to the paper forms in future Tax Information Bulletins and other BOE correspondence.

## **eReg—coming summer 2012**

Electronic registration (eReg) for your license, permit, or account with the BOE will be available in summer of 2012! All that is required is a computer and Internet access.

With eReg you will be able to register your business easily, quickly, and accurately. One application will get you the required license, permit and/or account for your business. Once registered you will have the ability to view and print the registration information packet which includes the permit or license. You will also have the convenience of online payment options for those tax or fee programs that require payment of a tax or fee.

For more information on eReg, please visit our website at [www.boe.ca.gov](http://www.boe.ca.gov).

## **Going green**

In BOE's efforts to be greener and more cost effective, information like tax rate changes, newsletters, tax and fee updates, public meeting agendas, and announcements, will only be available electronically.

If the BOE does not have your business account's email address, then you may not receive important information that could affect your business.

To register as an eClient, please visit our website at [www.boe.ca.gov](http://www.boe.ca.gov), click on the eServices tab and select "Register as an eClient." If you are using your Express Login Code and account number to file your returns, but still wish to receive emails, contact your local BOE office—[www.boe.ca.gov/info/phone.htm](http://www.boe.ca.gov/info/phone.htm)—and supply them with your business' email address. You can subscribe to our email BOE Updates on our website and receive all the latest BOE news on a monthly basis.

## **Know your rights**

As a taxpayer, you have many rights under the law, including the right to:

- Receive information and assistance to help you comply with the law
- Be treated fairly and courteously, and receive prompt service
- Appeal a decision or claim a refund as allowed by law

Of course, along with those rights, you have certain responsibilities, including the responsibility to:

- Keep informed about tax laws and regulations that affect your business
- Report and pay taxes and fees when due
- Maintain adequate records

For more information you may wish to order [publication 70](#), *Understanding Your Rights as a California Taxpayer*.



## Sales of materials or fixtures to construction contractors

Generally, construction contractors as well as United States government contractors are consumers of materials, which they furnish and install in the performance of a construction contract. Either sales tax or use tax applies to the materials sold to or used by the construction contractor. The contractor should pay tax reimbursement on materials purchased from California vendors or report and pay use tax on the cost of materials purchased from out-of-state vendors. A construction contractor may contract to sell the materials they install under certain circumstances. For example, if the contract explicitly provides for the transfer of title to the materials prior to installation and the contract separately states the sale price of the materials, exclusive of the charge for the installation, the contractor will be considered the retailer of the materials.

Generally, construction contractors are the *retailers* of fixtures which they furnish and install in the performance of a construction contract and tax applies to their sales of fixtures. If the contract states the selling price of the fixture, tax applies to that price. In the case of lump-sum construction contractors where no sales price is stated for the fixtures which were purchased in a completed condition, the taxable retail selling price is deemed to be the cost price of the fixture to the contractor. If the construction contractor is the manufacturer of fixtures, the contractor should refer to [Regulation 1521, Construction Contractors](#), for an explanation of the selling price of the fixtures. For contracts where the construction contractor is furnishing and installing fixtures under a contract with the United States government, the contractor is the *consumer* of the fixtures and sales or use tax applies to the sale of materials to contractors for use in the performance of such contracts.

Contractors holding valid seller's permits may purchase fixtures for resale by issuing resale certificates to their suppliers. They may not purchase materials for resale unless they are also in the business of selling materials.

For a listing of typical items regarded as materials or fixtures, refer to Appendix A and B. in Regulation 1521, *Construction Contractors*.

For additional information, please refer to [publication 9, Construction and Building Contractors](#), and Regulation 1521, *Construction Contractors*, or call our Taxpayer Information Section

## 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. You can also use our online Customer Service Survey form at [www.boe.ca.gov/info/survey.htm](http://www.boe.ca.gov/info/survey.htm) to express yourself.

### For More Information

All telephone numbers are toll-free.

#### Internet

[www.boe.ca.gov](http://www.boe.ca.gov)  
[www.taxes.ca.gov](http://www.taxes.ca.gov)

#### Taxpayer Information Section

800-400-7115 (TTY:711)

#### Requests for Fax Copies

800-400-7115  
(Choose automated services)

#### Seller's Permit Verification

888-225-5263  
[www.boe.ca.gov](http://www.boe.ca.gov)

#### Taxpayers' Rights Advocate

888-324-2798  
[www.boe.ca.gov](http://www.boe.ca.gov)

#### Tax Evasion Hotline

888-334-3300

#### State Legislation

[www.leginfo.ca.gov/bilinfo.html](http://www.leginfo.ca.gov/bilinfo.html)