



## Bank Change for Electronic Funds Transfer (EFT) Program

Effective July 1, 2016, the state's bank will change from Citibank to MUFG Union Bank, N.A.

### For Automated Clearing House (ACH) Debit Transactions

Most sales and use tax accounts are eligible to file and pay over the Internet using the California State Board of Equalization's (BOE) free Online Filing Program. No change is required on your part. You can continue to make your EFT payment through our website [www.boe.ca.gov](http://www.boe.ca.gov), or you can go directly to our new processor at [www.govone.com/PAYCAL/BOE/Account/Index](http://www.govone.com/PAYCAL/BOE/Account/Index). You may also continue to use the same telephone number, 1-800-554-7500, to make your payment.

### For ACH Credit Transactions

It is important that you notify your financial institution of the new bank information to ensure your payment is received timely by the BOE. Starting May 10, a letter will be mailed informing you of the BOE's new bank account and routing number with Union Bank. Payments using the incorrect banking information for credit transactions with a settlement date on or after July 1, 2016, will be returned and may be subject to penalty and interest charges. If you experience problems, or for more information on how to make your EFT payment, visit [www.boe.ca.gov/electsrv/eftfaq.htm](http://www.boe.ca.gov/electsrv/eftfaq.htm).

For more information on how to make your EFT payment, visit our website [www.boe.ca.gov](http://www.boe.ca.gov), or contact the EFT help desk that handles your account program:

### Sales and Use Tax Accounts

EFT Helpline: 1-916-327-4229

### Special Taxes and Fees Accounts

Customer Service Center: 1-800-400-7115 (TTY:711)

Customer service representatives are available to assist you from 8:00 a.m. to 5:00 p.m. (Pacific time), Monday through Friday, except state holidays.

See [publication 159EFT](#), *Guide to Online Filing for Sales and Use Tax EFT Accounts* and [publication 89ST](#), *EFT Quick Reference Guide for Special Taxes*. Both publications will be updated with the new information and available on our website by July 1, 2016.

## Know Your Rights

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

- Information and assistance to help you comply with the law;
- Fair and courteous treatment, and prompt service;
- Confidentiality;
- Appeal a decision or file a claim for refund as allowed by law; and
- Address your elected Board Members.

Along with those rights, you have responsibilities to:

- Stay informed about tax laws and regulations that affect your business;
- Report and pay taxes and fees when due;

### BOARD MEMBERS

SEN. GEORGE RUNNER (RET)  
First District  
Lancaster

FIONA MA, CPA  
Second District  
San Francisco

JEROME E. HORTON  
Third District  
Los Angeles County

DIANE L. HARKEY  
Fourth District  
Orange County

BETTY T. YEE  
State Controller

**EXECUTIVE DIRECTOR**  
DAVID J. GAU

- Promptly respond when the BOE attempts to contact you;
- Inform the BOE of changes to your business ownership or address; *and*
- Maintain adequate records.

For more information see [publication 70](#), *Understanding Your Rights as a California Taxpayer*. You may also call the Taxpayers' Rights Advocate Office if you have questions about your rights, or if you have not been able to resolve a problem through normal channels (for example, by speaking to a supervisor). The Advocate Office can be reached toll-free at 1-888-324-2798.

## Fiscal Year Return Filers

The due date for returns for a fiscal year reporting period is July 31. As a holder of a seller's permit who is reporting on a fiscal year basis:

- You are required to file a return even to report zero gross sales;
- You are required to file a return even if you do not owe any tax; *and*
- You are required to file a return even if you cannot pay the tax you owe.

Failure to file a return for any period may result in imposition of a penalty, an estimated billing, and/or revocation of your permit. If you operate without a seller's permit you may be subject to fines or imprisonment.

If you attend trade shows or events in California, event coordinators may review the status of your seller's permit on the BOE's website to verify that it is valid. If your permit is not valid, you may be denied access to the trade show or event.

If you are no longer in business, you should contact your local BOE office immediately to close out your permit.

For additional information, please visit our website at [www.boe.ca.gov](http://www.boe.ca.gov), or call our Customer Service Center at 1-800-400-7115 (TTY:711).

## You May Owe Use Tax

When sales tax does not apply, use tax may be owed on purchases made online, or from an out-of-state retailer, on items that are used, stored, or consumed in California. Generally, if you buy taxable items such as books, electronic equipment, or toys for use in California from any out-of-state seller and you are not charged California tax, you are responsible to pay use tax on these purchases. To determine if you may owe use tax, review your receipts to see if you were charged tax on your online and out-of-state purchases. You may owe use tax on them.

### Retailers

If you are a retailer, use line 2 on your sales and use tax return to report use tax on out-of-state purchases and property withdrawn from resale inventory for your own use.

If you purchased property for the purpose of resale and subsequently withdrew the property from your resale inventory for your own use, you may owe tax. Use tax is measured by the purchase price of that property and is due upon withdrawal from inventory. You must report use tax on your sales and use tax return for the reporting period in which the property was withdrawn from the resale inventory.

[Regulation 1669](#), *Demonstration, Display and Use of Property Held for Resale—General*, in part states that use tax does not apply to tangible personal property withdrawn from a resale inventory for the purpose of making a charitable contribution to a qualified organization located in this state. This exemption applies only to property which has been purchased for resale and subsequently donated without any use other than retention, demonstration or display while holding it for sale in the regular course of business. Property purchased specifically for donating is subject to tax.

### Consumers

While you may be unfamiliar with use tax, it has been state law since 1935. It is important that you pay the use tax you owe as this revenue provides vital funding for state and local services that all Californians rely on.

Last year, businesses and California residents paid more than \$4.6 billion in use tax; however, the BOE estimates that more than \$1 billion goes unpaid each year, equivalent to the salaries of more than 11,000 teachers or 7,000 police officers. Use tax is important to California because it helps support state and local government efforts to fund schools, public safety, health care, environmental protection, road improvements, and other services.



It is easy to calculate and pay any use tax owed. The BOE provides two easy ways:

- Download and use the [BOE's mobile application](#) on your smartphone—the application calculates what you owe; or
- Register and pay on the BOE website.

Consumers or business owners with questions about use tax can visit [www.boe.ca.gov](http://www.boe.ca.gov), or call our Customer Service Center at 1-800-400-7115 (TTY:711).

## Used Car Dealer Records and Reporting Requirements

As a used car dealer selling, leasing, or using personal property in California, you are required to keep adequate records. In general, you must keep all required records to support your vehicle sales and the amount of tax due for at least four years.

### Examples of records you need to keep include:

- The normal books of account.
- All bills, receipts, invoices, repair orders, contracts, or other documents of original entry supporting the entries in the books of account.
- All schedules or working papers used in connection with the preparation of tax and fee returns.
- All Department of Motor Vehicles (DMV) *Report of Sale – Used Vehicle* (REG 51) forms issued to you, including any that were voided. These should be kept in numerical order.

### How should I track my sales?

Used car dealers generally use car envelopes (also known as dealer jackets) and inventory books to track sales. You should assign both a car envelope and an inventory number to each vehicle. The BOE recommends keeping all documents of purchase, reconditioning, and sale in those envelopes and noted on the face of the envelope. You should also record the details of each purchase and sale in your inventory book.

### What are my reporting requirements?

All the sales you reported to the DMV must also be properly reported to the BOE on your sales and use tax return. You can file your return by using our online filing services at [www.boe.ca.gov/electrv/esrvcont.htm](http://www.boe.ca.gov/electrv/esrvcont.htm).

### For additional information

The BOE has a *Tax Guide for Motor Vehicle Dealers* available online in the Industry Guides section of our website at [www.boe.ca.gov/industry/used\\_vehicle\\_dealers.html](http://www.boe.ca.gov/industry/used_vehicle_dealers.html).

## Free Continuing Education Offered for Certified Public Accountants and Other Tax Professionals

The BOE is now offering a free online course for certified public accountants that qualifies for four hours of continuing education. The course is designed to provide tax practitioners and the general public practical knowledge on the functions and programs administered by the BOE. Subjects include Basic Sales and Use Tax, Online Services, Appeals Process, Cigarette and Tobacco Products, Property Tax Exemption for Nonprofit Organizations, and the Taxpayers' Rights Advocate. There is a short quiz after each section, and a final quiz that is automatically graded. If a passing score of 75 percent or better is obtained, a certificate of completion can be printed, and the results will be automatically forwarded to the BOE for record retention.

To locate the course, go to [www.boe.ca.gov](http://www.boe.ca.gov) and select "Industry Guides" under Business Center, then under "Other Guides," select "Tax Practitioners," and then select the "Resources" tab.

## Top 500 Sales and Use Tax Delinquencies in California

California law requires the BOE to publicly post its list of the Top 500 Sales and Use Tax Delinquencies each quarter. The public listing, which the BOE posts on its website, is intended to encourage delinquent taxpayers to resolve their delinquencies, so they may avoid having their name appear on the list.

Taxpayers are notified 30 days before their information is posted, allowing them time to pay. The list does not include amounts that are being addressed through payment arrangement, bankruptcy, litigation, or appeal. Taxpayers can request that any full or partial payments be posted on this list.



Partners are generally liable for the delinquent taxes of a partnership, and the list identifies all partners that are liable for qualifying amounts. In addition, under some circumstances, individuals who are responsible for sales and use tax matters for a corporation, partnership, limited partnership, limited liability partnership, or limited liability company, might be held personally liable for the organization's delinquent taxes.

The BOE provides the Top 500 list to participating state agencies that issue occupational or professional licenses, certificates, registrations, and driver licenses. Upon notification, the licensing agencies are either required to, or may, suspend, revoke, and refuse to issue a license if a person's name appears on the list. In addition, it also prohibits state agencies from contracting for the acquisition of goods or services from a contractor who appears on the list.

The BOE's current list of the Top 500 Sales and Use Tax Delinquencies in California is available at [www.boe.ca.gov/sutax/top500.htm](http://www.boe.ca.gov/sutax/top500.htm). An interactive map displays each delinquent taxpayer's name, location, and amount owed. Taxpayers on the Top 500 list may contact the BOE at 1-916-445-5167 to resolve their liability and make payment agreements.

## Alternative Fuels Are Subject to the Full Sales and Use Tax Rate

Alternative fuels such as liquefied petroleum gas (LPG), liquefied natural gas (LNG), and alcohol fuels such as E-85, that contain no more than 15 percent gasoline or diesel fuel, for use in or as a fuel to propel a motor vehicle, are taxed like any other tangible personal property at the full sales tax rate plus any applicable district taxes. Unlike gasoline, which is taxed at a reduced sales tax rate, there is no partial exemption afforded alternative fuels such as ethanol, LPG, or LNG.

### Use Fuel Tax Law Application

E-85 and other alcohol fuels, containing no more than 15 percent gasoline or diesel fuel used to propel a motor vehicle, are subject to the use fuel tax. The tax imposed on E-85 under Revenue and Taxation Code section 8651.8 is one-half the base use fuel tax rate (currently \$0.18 per gallon, so the half-rate is nine cents per gallon). The use fuel tax is in addition to the regular sales tax.

### Registration Requirements

In addition to a regular sales and use tax permit, a Vendor Use Fuel Tax Permit is required if you sell an alternative fuel such as E-85 to a consumer from a retail location. The vendor is required to collect and remit to the BOE the use fuel tax on the full volume of alternative fuel sold or dispensed from a retail pump.

A *User Use Fuel Tax Permit* is required if you are a user of an alternative fuel and maintain your own storage tank from which your alternative fuel-powered motor vehicles are fueled. A user is required to remit the use fuel tax directly to the BOE.

You can register online at [www.boe.ca.gov](http://www.boe.ca.gov); click the "Permits & Licenses" link.

A vendor or user permit is not required if you only produce and deliver alternative fuel into your customers' (retail vendors or users) bulk storage containers. However, if you are selling to a registered vendor of use fuel, you should obtain a copy of the purchaser's Vendor Use Fuel Tax Permit number for your records, so you can support that the sale was an exempt sale for resale.

For more information, see [publication 12](#), *California Use Fuel Tax: A Guide for Vendors and Users*, and our [Special Notice](#), *Refund of Motor Vehicle Fuel Tax for Producers of Blended Motor Fuel Taxed Under the Use Fuel Tax Law*.

## 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)

### Customer Service Center

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

### Taxpayers' Rights Advocate

1-888-324-2798  
[www.boe.ca.gov](http://www.boe.ca.gov)

### Tax Evasion Hotline

1-888-334-3300

### State Legislation

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

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