



Special Notice

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New Tax Rates for Two Cities Take Effect on October 1, 2006

Voters in National City and Woodland have approved new transactions and use taxes (district taxes) for their cities. The taxes apply only within the city limits.

National City

Voters have approved a 1 percent City of National City District Transactions and Use Tax (NCGT/137), which will increase the tax rate in the City of National City from 7.75 percent to 8.75 percent. The tax rate in areas outside the city limits of National City will remain the same.

City of Woodland

Voters have approved a 0.50 percent City of Woodland District Transactions and Use Tax (WDLT/138), which will increase the tax rate in the City of Woodland from 7.25 percent to 7.75 percent. The tax rate in areas outside the city limits of Woodland will remain the same. (Note: From July 1, 2006 to September 30, 2006, the tax rate within the city limits of Woodland was 7.25 percent.)

Which retailers must collect tax at the new rate?

You must apply the new sales and use tax rate if you

- Are a retailer in the district and you sell and deliver merchandise within the district.
- Are a retailer located outside of the district who is "engaged in business" in the district and you deliver or ship merchandise into the district for use in the district or participate within the district in making the sale. You are considered to be engaged in business in the district if you (1) have any type of business location there, (2) deliver into the district using your own vehicles, or (3) have an agent or representative in the district to take orders, or sell, deliver, install, or assemble merchandise you sell.
- Are a dealer of vehicles, undocumented vessels, or aircraft and sell those items to customers who register them at an address located in the district.
- Collect tax on lease payments you receive for leased property the lessee uses in the district.

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

Is there an exemption from the tax rate increase?

In general, fixed-price contracts and fixed-price lease agreements in place before October 1, 2006, are subject to the tax rates in effect at the time you and your customer entered into the contract. For a 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, sections 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 pay the tax, at the specified rate - that is, the rate in effect at the time you entered into the contract.

Is your address in the city limits or unincorporated county?

District boundaries for each of these taxes are defined by the city's lines. Many California zip codes overlap city and county lines. To determine which district taxes affect your address, visit this page on the Board's website:
www.boe.ca.gov/sutax/cityaddresses.htm.

Rate charts available

For your convenience, tax rate charts are available for sale transactions up to \$100 (form BOE-180, *Sales Tax Reimbursement Schedules*). If you would like to order a copy of any of these rate charts, please check online at www.boe.ca.gov or call our Information Center at 800-400-7115

For more information

If you have any 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., Pacific time, Monday through Friday, except state holidays.