



# Special Notice

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## New Registration Requirements for Out-of-State Retailers

Governor Edmund G. Brown, Jr. signed budget trailer bill ABx1 28 on June 28, 2011. It is intended to clarify the obligations of out-of-state retailers to collect and remit use tax on sales of tangible personal property to California customers. The new provisions of the law added by ABx1 28 were effective immediately upon signing.

The bill generally expands use tax registration requirements to large out-of-state retailers that were previously not required to collect use tax on sales to California customers. Such transactions are generally conducted either through mail order, telephone orders, or via the Internet.

Among other things, this bill specifically provides that a "retailer engaged in business in this state" includes:

- Any retailer that is a member of a commonly-controlled group and is a member of a combined reporting group that includes another member of the retailer's commonly controlled group that, pursuant to an agreement with or in cooperation with the retailer, performs services in this state in connection with tangible personal property to be sold by the retailer, including, but not limited to, design and development of tangible personal property sold by the retailer, or the solicitation of sales of tangible personal property on behalf of the retailer.
- Any retailer entering into an agreement under which a person in this state, for a commission or other consideration, refers potential purchasers of tangible personal property to the retailer, whether by an Internet-based link or an Internet website, or otherwise provided that both of the following conditions are met:
  1. The retailer's total sales of tangible personal property to California consumers that are referred pursuant to all of those agreements with a person(s) in California in the preceding 12 months must be in excess of \$10,000.
  2. The retailer's total sales of tangible personal property to California consumers in the preceding 12 months must be in excess of \$500,000.

If your business meets the requirements listed above and is not already registered with the Board of Equalization, please fill out an application for a [California Certificate of Registration—Use Tax](#). After completing the application please send it to:

State Board of Equalization  
Out-of-State Office  
PO Box 188268  
Sacramento, CA 95818-8268

If you have questions regarding the registration requirements, please call our out-of-state office at 916-227-6600.