



Special Notice

STATE BOARD OF EQUALIZATION

450 N STREET
SACRAMENTO, CA 95814

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Protect Your Client From a Potential Tax Bill

Did you know that when a purchaser buys a business (or stock of goods) from someone that also owes sales tax, the purchaser could end up paying the seller's sales tax too? Without a tax clearance from us, the buyer can be forced to pay any tax liability of the seller, up to the purchase price of the business.

How can you help?

Upon opening an escrow, request a tax clearance from us. Send a written request to your local office *before* distributing funds. Include:

1. Name, address (for each location being purchased) and seller's permit of the business being purchased.
2. Expected date the business will be transferred.
3. Your name, address and escrow number.
4. A copy of the purchase or sales agreement including allocation of the purchase price, the value of fixtures and equipment, inventory, goodwill and other terms of the sale agreement.
5. Purchaser's seller's permit number, if available.

For a list of the Board of Equalization (BOE) offices statewide, visit our website at www.boe.ca.gov/info/phone.htm.

I Requested a Tax Clearance—What Happens Next?

- We will determine whether the business being sold owes any money.
- If money is owed, the current owner will be advised to pay the amount due and the escrow company will be advised of the amount to withhold from the purchase price to cover the liability.
- The liability must be paid to the BOE before a certificate of tax clearance will be issued. The buyer cannot be held responsible for seller's sales taxes once a tax clearance has been issued.

For more information, please visit our website at www.boe.ca.gov/sutax/faqbus.htm or call our Customer Service Center at 1-800-400-7115 (TTY:711) Monday through Friday 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.

BOE WEBSITE AND
BOARD MEMBER CONTACT
INFORMATION
www.boe.ca.gov

CUSTOMER SERVICE
CENTER
1-800-400-7115

TTY
711