



Effective January 1, 2016—New Surcharge on Prepaid Wireless Cards and Services

All phone services in California are subject to monthly fees that fund a number of state services, including the 911 emergency and state universal service programs. However, customers that purchase prepaid cellphone (wireless) services are generally not separately charged these fees.

Beginning January 1, 2016, a surcharge will be imposed on purchases of prepaid wireless services. This new surcharge is called the prepaid mobile telephony services (MTS surcharge). This new surcharge consists of:

- Emergency Telephone User (911) Surcharge;
- California Public Utilities Commission's (CPUC) surcharges and fees (which support the following programs: universal lifeline telephone service, deaf and disabled telecommunications program, California high cost funds, California teleconnect fund, and the California advanced services fund); and
- Local user utility taxes and local access or all charges, where applicable

Sellers of prepaid wireless services/cards will be required to charge and collect the prepaid MTS surcharge as a percentage of the retail sales price from the purchaser at the time of sale.

Prepaid wireless services/cards subject to the MTS surcharge include wireless plans that customers prepay before using, such as prepaid wireless airtime cards and prepaid wireless refill or top-off cards.

If you sell prepaid wireless services to purchasers in this state, you will be required to:

- Register with the BOE as a MTS seller, (MTS registration will be available this winter). This is a separate registration from your seller's permit account.
- Know the correct MTS surcharge and any applicable local charges (rates will be posted to our website on November 2, 2015).
- Charge and collect the prepaid MTS surcharge (including local charges) from your customers who purchase prepaid wireless service.
- Separately state the MTS surcharge on the invoice or other document provided to your customer.
- Electronically file your MTS surcharge returns and pay the surcharge to BOE.



Please email us so we can update our records

If you sell prepaid wireless services, email us at SUTD-MTS@boe.ca.gov with your name and seller's permit number so we can provide you with important information about this new law.

Prepaid wireless service providers or carriers (for example, telephone companies) who sell prepaid MTS products or services directly to consumers are considered "direct sellers" for purposes of the new MTS surcharge and have different reporting requirements than retail sellers of prepaid MTS cards and services.

New Prepaid MTS Industry Guide

Our new [Prepaid Mobile Telephony Services Surcharge](#) guide is now available on our website under our [Industry Guides](#), please visit our website at www.boe.ca.gov/industry/prepaid_mts_surcharge.html. We will continually update our MTS guide as more information becomes available, including when MTS surcharge registration is available, how to file your MTS surcharge return, and the applicable MTS surcharge rates.

Sunset of Bond Measure Affects Partial Tax Exemptions

In March 2004, California voters approved Proposition 57 (bond measure), which allowed the state to purchase bonds to reduce the state budget deficit. Proposition 57, along with provisions, changed the state and local components of the statewide tax rate. However, the total statewide tax rate remained unchanged and the way you completed your tax returns—including local tax schedules—generally did not change. You only saw a change if you had sales or purchases that qualified for a partial exemption from sales and use tax.

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Partial Tax Exemptions

The following regulations provide information about the exemptions from the state's portion of the sales and use tax rate:

- [1525.4](#), *Manufacturing and Research & Development Equipment*
- [1532](#), *Teleproduction or Other Postproduction Service Equipment*
- [1533.1](#), *Farm Equipment and Machinery*
- [1533.2](#), *Diesel Fuel Used in Farming Activities or Food Processing*
- [1534](#), *Timber Harvesting Equipment and Machinery*
- [1535](#), *Racehorse Breeding Stock*

Bonds associated with Proposition 57 have now been paid in full. Therefore, beginning January 1, 2016, most partial tax exemptions will decrease by 0.25 percent, from 5.5 percent to 5.25 percent. The partial exemption provided by Regulation [1533.2](#), *Diesel Fuel Used in Farming Activities or Food Processing*, will decrease from 7.25 percent to 7.00 percent.

To read the regulations listed above, please visit our website at www.boe.ca.gov/sutax/staxregs.htm, or call our Customer Service Center for a copy of the regulation at 1-800-400-7115 (TTY:711).

New District Tax for the City of Weed

Voters approved the following district tax in March. The new sales and use tax rate applies only within the city limits. The tax rate outside the incorporated city limit will remain the same.

City	Increase	New Rate	Start Date
City of Weed (located in Siskiyou County)	0.25%	7.75%	7-1-15

How do I know the tax rate at a specific address?

We offer several tools on our website to help retailers identify the correct tax rate. You can look up a tax rate by address, check our guide of tax rates by city and county, or visit a city website. If after checking these sites you still have questions about a tax rate at a particular address, you should contact that city directly.

Where can I get more information?

For more information on city and county tax rates, go to the "Popular Topics" column on our home page www.boe.ca.gov and select "[Latest Sales and Use Tax Rates](#)." You can also contact our Customer Service Center at 1-800-400-7115 (TTY: 711).

Mobile Food Vendors

Mobile food vendors include those who operate food trucks, stands, or carts that do not have a fixed physical location. If you are a mobile food vendor you are generally required to register with us, file sales and use tax returns, and maintain books and records that are adequate for sales and use tax purposes.

You can register electronically for a seller's permit using our online registration, available at www.boe.ca.gov/electsrv/ereg/index.html.

The location where you make your sales is especially important as it pertains to the tax rate on your food sales. "Mobile food vendors are subject to the same tax reporting requirements as brick-and-mortar restaurants, but should pay sales or use taxes at the rate in effect at the location where the sale is made." Our [website](#) has an up-to-date listing of sales and use tax rates.

Go to the "Popular Topics" column on our home page www.boe.ca.gov and select "[Latest Sales and Use Tax Rates](#)." For more details, please refer to [Regulation 1603](#), *Taxable Sales of Food Products*, [publication 287](#), *Mobile Food Vendors*, or contact our Customer Service Center at 1-800-400-7115 (TTY:711).

GO-Biz Launches New California Business Portal: A One-Stop-Shop Website for Business Owners

As part of an ongoing effort to provide more online tools to businesses, the BOE and the Governor's Office of Business and Economic Development (GO-Biz) are pleased to announce the launch of the California Business Portal, a one-stop-shop website www.BusinessPortal.ca.gov for business owners looking for information and assistance.

The California Business Portal provides information to business owners on starting a new business, permits and licenses, incentives, local resources, and more. The portal is available on the business owner's schedule and has many key features, such as:



- **Quick Start Guide**—Short guides that contain essential information for starting and growing specific types of businesses in California.
- **California Business Navigator**—Not sure where to start? The Business Navigator provides custom information for your business including permits, licenses, and incentives.
- **Service Desk**—Get answers to commonly asked questions with the California Business Portal Service Desk. If the information for your situation is not here yet, submit your question and GO-Biz will provide a customized answer. If you have any questions regarding any tax or fee program at the BOE, you may contact our Customer Service Center directly at 1-800-400-7115 (TTY:711) where representatives are available to assist you weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays, or use the [Contact Us](#) link on our webpage to email us directly.

The California Business Portal is a response to the needs of the business community and its request for better online tools. California business owners now have a resource to make it easier to do business in the state. GO-Biz will continually update the portal to ensure it keeps up with the demands of business owners and entrepreneurs.

About GO-Biz

GO-Biz serves as California's single point of contact for economic development and job creation efforts. GO-Biz offers services to business owners such as: attraction, retention and expansion services, site selection, permit streamlining, clearing of regulatory hurdles, small business assistance, international trade development, assistance with state government, and much more. For information specific to the Governor's Office of Economic Development (GO-Biz) visit: www.business.ca.gov.

Deductions Claimed for Transportation Charges

Transportation charges for shipment of taxable merchandise are generally not taxable if all of the following conditions apply:

- The charges are separately stated;
- The transportation is made by facilities other than that of the retailers, such as the U.S. mail, an independent contract or common carrier;
- The merchandise is shipped directly to the purchaser; and
- The amount charged is the actual cost of the transportation.

Some businesses charge more for shipping than their actual cost. The amount in excess of the actual cost of shipping must be included in your taxable sales. In other words, any handling charge or markup applied to the actual cost of the shipping is taxable. Supporting documents demonstrating the actual cost of transportation should be maintained in your records on a transaction-by-transaction basis.

Supporting documents include: (1) bills of lading; (2) freight invoices; (3) express receipts or express company invoices; (4) parcel post receipts or shipment records; (5) sales invoices showing transportation charges and shipping instructions; (6) delivery receipts and expense vouchers supporting your delivery expense; (7) correspondence to verify completion of delivery; and (8) title transfer agreements.

For more information about how tax applies to shipping charges, you may download a copy of [publication 100, Shipping and Delivery Charges](#), or [Regulation 1628, Transportation Charges](#).

Report Use Tax on Line 2 of Your Return

Do you owe use tax? It's easy to pay what you owe. 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.



If you purchased the property from an out-of-state vendor, you will generally owe use tax on that purchase. If the vendor is engaged in business in this state or is registered with BOE to collect use tax, the vendor is required to collect the tax from you. If the vendor is not engaged in business in this state or is not registered with BOE to collect use tax, you must report the purchase price on line 2 of your sales and use return for the reporting period in which the purchase was made.

When an out-of-state company is being audited and found to have a use tax liability, a letter is sent to the purchaser to determine if tax has been paid on the out-of-state purchases. If no payment has been made, depending on the circumstances, either the purchaser or the seller is liable for the unpaid tax. If the out-of-state company is liable for the tax, it will be billed. If it is decided the out-of-state company is not liable, the BOE will attempt to collect the use tax from the purchaser.

For additional information on reporting use tax, please see [California Use Tax Information](#) on our website or call our Customer Service Center at 1-800-400-7115 (TTY:711).

Tax Relief Available for Business Owners Affected by Wildfires

The BOE has announced that business owners and feepayers impacted by wildfires in Butte, El Dorado, Humboldt, Lake, Madera, Napa, Nevada, Sacramento, San Bernardino, San Diego, Shasta, Solano, Tulare, Tuolumne, and Yolo counties may request an extension to file their returns, relief of penalties and/or interest from some taxes and fees, or to replace copies of records lost to damage. In order to alleviate pressure during this stressful time, the BOE will grant a 30-day extension for sales and use taxes due to those affected by the fires in these counties.

Taxpayers and feepayers can go online to [request relief](#) from penalty and/or interest, and an extension of time to file a tax or fee return. Any taxpayer or feepayer can use the online system to make their request for the tax and fee programs listed below. Those without Internet access may call the BOE Customer Service Center at 1-800-400-7115 (TTY: 711), Monday through Friday, from 8:00 a.m. to 5:00 p.m. (Pacific Time). Relief from penalty and interest is available for the following programs:

- Sales and Use Taxes
- Fire Prevention Fee
- Alcoholic Beverage Tax
- Cigarette and Tobacco Products Taxes
- Energy Resources Surcharge
- Emergency Telephone Users Surcharge
- Natural Gas Surcharge
- Timber Yield Tax
- Fuel Taxes (Diesel Fuel Tax, Interstate User Tax, Use Fuel Tax, Motor Vehicle Fuel Tax, Aircraft Jet Fuel Tax)
- Underground Storage Tank Maintenance Fee
- Oil Spill Prevention Fee and Oil Spill Response Fee
- Lumber Assessment Fee
- Childhood Lead Poisoning Prevention Fee
- Integrated Waste Management Fee
- Occupational Lead Poisoning Prevention Fee
- Electronic Waste Recycling (eWaste) Fee
- Marine Invasive Species Fee (Ballast Water Management Fee)
- California Tire Fee (Tire Recycling Fee)
- Hazardous Substances Fees (Environmental Fee, Activity Fee, Generator Fee, Disposal Fee, Facility Fee)
- Water Rights Fee

Know Your Rights to Privacy

Every year the BOE is required to send out a [BOE-324-GEN](#), *Privacy Notice*, to all active accounts. Your account records are covered by the Information Practices Act (Civil Code §1798.17). You do not need to respond to the notice, but you are entitled to review your records. Prior to December 31, 2015, if you have provided your email address to the BOE, your notice will be sent via email; all other accounts will be sent a paper notice. To ensure you receive your email notice, please contact your local office to update your current email address or add one to your account. A list of offices can be found at [www.boe.ca.gov/info/phone.htm](#) or contact our Customer Service Center at 1-800-400-7115 (TTY:711).

For More Information

All telephone numbers are toll-free.

Internet

[www.boe.ca.gov](#)
[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](#)

Taxpayers' Rights Advocate

1-888-324-2798
[www.boe.ca.gov](#)

Tax Evasion Hotline

1-888-334-3300

State Legislation

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

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