



Special Notice

New Tax Rates to Take Effect on July 1, 2006

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Board website and Member contact information:

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Taxpayers' Rights

Advocate: 888-324-2798

City of Laguna Beach

Voters have approved a 0.50% City of Laguna Beach Temporary Transactions and Use Tax (LGBH), which will increase the tax rate within the city limits from 7.75% to 8.25%.

Note: The City of Laguna Beach is located in Orange County. The tax rate in the areas of the county outside the city limits of Laguna Beach will remain at the 7.75% rate.

City of Woodland

The City of Woodland General Revenue and Transaction and Use Tax (WOGT) will expire effective midnight June 30, 2006. This reduces the tax rate in the City of Woodland from 7.75% to 7.25%.

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 your merchandise is sold and delivered within the district.
- Are a retailer located outside of the district who is engaged in business in the district and you sell merchandise for use in the district. 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 for the purpose of taking orders, selling, delivering, installing, or assembling.
- Are a dealer of vehicles, 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 used by the lessee in the district.

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

Is there an exemption from the tax rate increase?

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

The fixed-price contract exemption is designed to protect the business expectations of the parties when they entered into the contract and protect them from an unplanned increase in tax rate. If the tax rate should go down after the terms of your contract have been established, any sales made after the date of the tax decrease would be taxed at the new lower rate.

Is Your Address in the City Limits or Unincorporated County?

District boundaries are generally defined by city and county lines. Many California zip codes overlap city and county lines. To determine what district taxes affect your address, contact your local city or county government, or visit the link on the Board's website: www.boe.ca.gov/sutax/pdf/districtelist.pdf.

Rate Charts Available

For your convenience, tax rate charts are available for sales 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 the 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, excluding state holidays.
