



STATE BOARD OF EQUALIZATION

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Third District, Rolling Hills Estates

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Fourth District, Los Angeles

JOHN CHIANG
State Controller

KRISTINE CAZADD
Executive Director

[Date]

[DBA]

[Address]

[City, State, Zip code]

Reference Number: [EDD\_ID]

The State Board of Equalization (BOE) is in receipt of information from the Employment Development Department (EDD) indicating you have been registered with EDD since [Fixed start date]. Industry studies indicate there is a likelihood that your business has purchased fixtures, equipment, machinery, furnishings, consumable supplies, or other items from retailers outside California for use in California.

Many individuals and businesses in California make purchases from out-of-state retailers (both foreign and domestic) that would be subject to sales tax if the same items were bought in California. If your business has made out-of-state purchases without paying the California sales or use tax and used, given away, stored, or otherwise consumed the purchases in this state, you may owe California use tax. This is true whether the purchases were made in person, over the Internet, by telephone, or by mail. Please refer to enclosed publication 123-TG, How to Identify California Use Tax Due, for more information regarding use tax.

Although the State Revenue and Taxation Code authorizes the BOE to conduct an audit that may encompass a period going back eight years or longer if fraud is detected and reserves the right to do so, at this time, the BOE is requesting that you do the following:

If you hold a current seller's permit and have been reporting use tax on that account,

- Check the first box on the reverse side of this letter, provide your permit number, sign and return the letter.

If you do not hold a current seller's permit or if you hold a current seller's permit and have not been reporting use tax,

- Review your records for 2006, 2007, and 2008, and report purchases that you made without tax (primarily purchases made from out of state) that are subject to use tax by completing the enclosed BOE-403-CLW, Use Tax Return Worksheets. If you need additional pages, you may attach them to the respective worksheet.
- Provide us with electronic or photo copies of the following documentation:
- Summary pages (usually pages 1-8) of your Federal Income Tax return for the past year;
- Asset depreciation schedule for the past year;
- Your purchases journal for the last calendar year.
- Sign and date this letter, and return it to the address listed in the heading along with your IRS documentation, asset depreciation schedule, purchases journal, completed and signed worksheets, and payment.

If upon review of your records, you determine you have not made any purchases from outside California,

- Please verify that at the end of this letter, sign and date it, and return it to the address listed in the heading along with electronic or photo copies of the following documentation:
  - Summary pages (usually pages 1-8) of your Federal Income Tax return for the past year;
  - Asset depreciation schedule for the past year;
  - Your purchases journal for the last calendar year.

After calculating the tax, penalty, and interest due for each year, add the amounts due for all three years and send the worksheets with payment for the total amount due, made payable to the State Board of Equalization, at P.O. Box 942879, Sacramento, CA 94279-0098. **Note:** Although [BOE-403-CLW, Use Tax Return Worksheets](#), include a line for penalty, if you have not previously paid use tax or previously been asked to do so, we recommend you apply for relief from penalty by using [BOE-735, Request for Relief of Penalty](#). If you apply for relief of penalty, send payment for only the tax and interest due. You will be notified once your relief request is processed.


In addition, if during any 12 month period you make three or more sales of fixtures, equipment, machinery, furnishings, or other tangible personal property used to conduct your business, you generally are required to hold a California seller's permit to report sales on a regular basis and to pay the sales tax on those items sold at retail. If you are making three or more sales of this nature in any 12 month period on a consistent basis, please check the box below and a representative will contact you to help you determine if you should hold a seller's permit.

To obtain copies of any of the publications referenced in this letter, or for assistance, you may call our Taxpayer Information Section at 800-400-7115 or visit our website at [www.boe.ca.gov](http://www.boe.ca.gov).

If you have any questions or concerns please call:

NAME	TELEPHONE NUMBER (     )
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- We have a California Seller's Permit. The number is: \_\_\_\_\_
- Enclosed are completed *Use Tax Return Worksheets*, along with last year's Federal Income Tax return, asset depreciation schedule, and purchases journal.
- We have not made any purchases from outside California without paying the use tax and we have no use tax to report. Enclosed is last year's Federal Income Tax return, asset depreciation schedule, and purchases journal.
- Also, we consistently make sales three or more times during a 12 month period of fixtures, equipment, machinery, furnishings, or other tangible personal property used to conduct business and do not hold a California Seller's Permit.

PRINT NAME OF PERSON RESPONDING TO LETTER	DAYTIME TELEPHONE NUMBER (     )
SIGNATURE 	DATE