

Sales Delivered Outside California

Interstate and Foreign Commerce

Sales tax generally does not apply to your transaction when you sell a product and ship it directly to the purchaser at an out-of-state location, for use outside California. Your sale is not taxable if you:

- Ship the product directly to the purchaser, using your own delivery vehicle or another means of transport that you own; or
- Ship the product by delivering it to a common carrier (including the US Postal Service), contract carrier, customs broker, export packer, or forwarding agent (see *Note*, below); or,
- For sales of items that will be used in other countries, deliver the product in a way that meets the special delivery conditions explained below; or
- For sales of new, noncommercial vehicles to foreign residents, deliver the vehicle in a way that meets specific conditions explained in [Regulation 1620, Interstate and Foreign Commerce](#) (see ordering information at left).

In most cases, if a purchaser or their representative takes possession of an item in California—even temporarily—your sale does not qualify for this particular sales tax exemption. In addition, if you deliver an item to a California resident at an out-of-state location, you should apply tax unless the purchaser states, in writing, that the item was purchased for use outside California. For additional information, please see [publication 34, Motor Vehicle Dealers](#), and [Regulation 1620, Interstate and Foreign Commerce](#), available from our website or by calling our Taxpayer Information Section at 800-400-7115.

Note: An individual or firm does not qualify as a carrier, forwarding agent, export packer, or customs broker simply because a purchaser designates them to receive and ship goods to a point outside the state. They must be regularly engaged in the shipping or transporting business.

Special delivery conditions: products bound for a foreign country in an airplane, ship, or other conveyance furnished by the purchaser

Certain other sales may qualify as tax-exempt foreign exports. The means of transportation and the nature of the property shipped must provide certainty that the property is headed for a foreign country and that it will not be diverted for use in this country. For example, your sale may be considered a tax-exempt export if you deliver the merchandise to:

- A purchaser’s airplane, ship, or other conveyance (not a car or pickup truck) that will transport the item to another country; or
- A scheduled commercial carrier hired by the purchaser to transport the property to another country.

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Sales and Use TAX FACTS

Publication 101 • LDA

For additional information you may download regulations, forms and publications from our website or you may call our Taxpayer Information Section to talk to a Board of Equalization representative.

BOE website and Board Member contact information:
www.boe.ca.gov

Taxpayer Information Section
800-400-7115
TDD/TTY 800-735-2929

Taxpayers’ Rights Advocate
888-324-2798



You must obtain special documentation that demonstrates the property is bound for a foreign country on a continuous journey (see below).

Determining whether your sale meets the required criteria can be difficult. If you are unsure whether your sale qualifies as tax-exempt, please contact the Board of Equalization (BOE) for help.

Documenting your sale and delivery

You should be sure to retain documents in your records that will support any tax exemptions you claim for sales delivered outside California. Examples are given below.

Deliveries made with your own vehicle or with another means of transport that you own:

- Delivery receipts
- Expense voucher supporting delivery expense
- Purchase order or correspondence supporting shipping requirements and completion of delivery

Deliveries to customs brokers, export packers, or forwarding agents:

- Bills of lading
- Copies of import documents of the foreign country
- Notation on invoice of delivery
- Invoices for services of customs broker or forwarding agent
- Delivery receipts

Deliveries made for you by a common or contract carrier:

- Bills of lading
- Express or parcel post receipts; express company invoices
- Sales invoices showing postage
- Record of parcel post shipment charges and shipping instructions
- Freight invoices

Deliveries to a carrier owned by the purchaser and bound for a foreign country (see reverse):

- Bills of lading or other documents showing that delivery was made directly to the carrier
- Copy of transportation plan showing that carrier was bound for a foreign country
- Import documents of the foreign country, other documentary evidence of export, or evidence that the item was designed for use in the foreign country or altered for use there

Deliveries to scheduled commercial carriers hired by the purchaser to export property (see reverse):

- Bill of lading or other document showing property was delivered directly to the carrier
- Documentary evidence of transportation plan showing that property will be transported on a continuous journey to a foreign destination and not diverted for use in California

California seller's permit

When you sell or lease merchandise, vehicles, or other tangible personal property in California, even temporarily, you are generally required to register with the BOE and to pay sales tax

on your taxable sales. Although, in some cases, a seller's permit is not required to be held by persons whose sales are made exclusively in interstate or foreign commerce; however, your business may meet the requirements of a "qualified purchaser," and you may be required to register for a use tax account as discussed below.

Required registration to report use tax

California law requires a "qualified purchaser" to register with the BOE and annually report and pay use tax directly to the BOE through our eFiling system. A "qualified purchaser" includes businesses with at least \$100,000 in annual gross receipts from business operations. Gross receipts are the total of all receipts from both in-state and out-of-state business operations. For additional information, see [publication 126](#), *Mandatory Use Tax Registration for Service Enterprises*, available from our website.

Properly completing your sales and use tax return

You must report your total gross sales for the reporting period when submitting your sales and use tax return. If your gross sales include amounts for nontaxable sales delivered outside California, you should take a deduction for those amounts under "Sales in Interstate and Foreign Commerce." If you don't take the deduction, you'll pay more tax than you owe.

Forms

[BOE-400-SPA](#) *California Seller's Permit Application for Individuals/Partnerships/Corporations/Organizations (Regular or Temporary)*

[BOE-404-A](#) *Use Tax Registration*

Regulations

[1620](#) *Interstate and Foreign Commerce*

Publications

[34](#) *Motor Vehicle Dealers*

[77](#) *Out-of-State Sellers: Do You Need to Register with California?*

[104](#) *Sales to Residents of Other Countries*

[126](#) *Mandatory Use Tax Registration for Service Enterprises*

Note: This publication summarizes the law and applicable regulations in effect when the publication was written, as noted on the cover. However, changes in the law or in regulations may have occurred since that time. If there is a conflict between the text in this publication and the law, decisions will be based on the law and not on this publication.