

Sales to Residents of Other Countries

In general, the sale of merchandise to a resident of another country is taxable if the buyer takes possession of the item in this state—even temporarily—or uses the item before it is shipped abroad. However, some sales to foreign residents qualify as exports and are not subject to California sales or use tax. If you sell an item that will be shipped abroad *before use* and you ship it directly to a foreign destination or to a qualified person who will export the item, your sale may not be taxable. Please note that foreign travelers cannot obtain refunds of sales tax paid on California purchases.

The table below can help you determine how tax applies when you sell an item to a foreign resident. Be sure to read the conditions and notes and to refer to the definitions and other information found on the reverse.

Sales and Use
TAX FACTS
Publication 104 • 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



Circumstance of sale or delivery	Is Sale Taxable?	Conditions and notes
1. Buyer or buyer's representative takes possession or control of item in California before it is transported out of the country.	usually see items 4 and 5	Tax applies even if the buyer later returns the item to you for shipment abroad or takes the item to a foreign country.
2. Item is used after ownership transfers to buyer but before item is shipped abroad.	yes	Tax applies whether item is used by buyer, buyer's representative, or seller.
3. Retailer delivers item directly to foreign country using retailer's own vehicle.	no	See documentation requirements that may apply (<i>on reverse</i>).
4. Retailer delivers item to a <i>carrier, forwarding agent, export packer, customs broker, or other qualifying person</i> for shipment to a foreign country (<i>see reverse</i>).	no	Receiving business must regularly prepare items for export (<i>see reverse</i>). Receiving business can be related to the purchaser's business.
5. Retailer delivers item to the purchaser's own ship, airplane, or other conveyance that will transport the item on a continuous journey to a foreign country.	no	Transportation method and nature of item shipped must provide certainty that item is headed for a foreign country and will not be diverted for use in California. Special documentation requirements apply (<i>see reverse</i>).
6. Retailer delivers item to a scheduled commercial carrier hired by the purchaser to transport the property to a foreign country.	no	See box above. 

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Key definitions: carriers, forwarding agents, export packers, and custom brokers

Carriers transport property owned by others, for a fee (includes common carriers, contract carriers, and the US Postal Service). *Forwarding agents* prepare property for shipment or arrange for its shipment. *Export packers* and *customs brokers* prepare property for export or arrange for its export. For purposes of the export exemption, an individual or firm must be in the foreign shipping business to qualify as a carrier, forwarding agent, export packer, or customs broker.

Examples of records you will need to document a nontaxable sale for export

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

Foreign deliveries made with your own vehicles or other means of transport you own

- Delivery records
- Expense vouchers supporting a delivery expense (example: fuel, lodging, and meal receipts)
- Purchase orders, sales contracts or correspondence documenting shipping requirements and completion of delivery

Shipments made by a common or contract carrier

- Bills of lading
- Express or parcel post receipts, express company invoices, freight invoices, record of parcel post shipment
- Sales invoices showing postage charges and shipping instructions
- Copies of import documents of the foreign country

Deliveries to a scheduled commercial carrier hired by the purchaser to export property

- Bills of lading or other documents showing delivery made directly to the carrier
- Documentary evidence of transportation plan showing property transported in a continuous journey to a foreign destination and no diversion for use in California

Deliveries to a plane or ship owned by the purchaser that is bound for a foreign country

- Bill of lading or other documents showing delivery made by independent carrier or retailer directly to the purchaser's plane or ship
- Copy of transportation plan showing plane's or ship's foreign destination
- Foreign country's import documents or other documentary evidence of export, or evidence that the item was altered or specifically designed for use in the foreign destination

Related information

The following sales are not taxable: qualifying sales for resale to foreign merchants (see publication 32, *Tax Tips for Purchasers from Mexico* and Regulation 1668, *Sales for Resale*); certain vehicle sales to foreign residents (see Regulation 1610, *Vehicles, Vessels, and Aircraft*); and sales to certain foreign diplomatic personnel (see Regulation 1619, *Foreign Consuls*). You may also wish to obtain publication 101, *Sales Delivered Outside California*, and Regulation 1620, *Interstate and Foreign Commerce*, available from our website at www.boe.ca.gov or by calling our Taxpayer Information Section at 800-400-7115.

Note: *The statements in this fact sheet are general and are current as of May 2008. The sales and use tax law and regulations are complex and subject to change. If there is a conflict between this publication and the law or regulations, decisions will be based on the law and regulations.*

