

Do You Need a 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 our agency, the Board of Equalization, and to pay sales tax on your taxable sales. When you register, we will issue you a *seller's permit*, sometimes mistakenly called a *resale number* or *resale permit*. A seller's permit is a state license that allows you to sell items at the wholesale or retail level and to issue resale certificates to suppliers. You cannot legally make sales of taxable products in California until we issue your seller's permit.

California law now requires a seller's permit to warehouse locations when; the retailer has one or more sales offices in this state, the sale is negotiated out of state, and the order is filled from the retailer's in-state stock of goods at the warehouse. However, a permit is not required to be held by persons all of whose sales are made exclusively in interstate or foreign commerce, and the seller makes no sales in the state.

Web Sites

A computer server located in California on which a web site resides, may not require a seller's permit unless the retailer has a proprietary interest in the server and the activities at that location otherwise qualify for a seller's permit. Please call our Information Center for questions regarding this topic.

You may need to obtain other licenses, permits, or documents to operate your business (see reverse). Please note that a California seller's permit does not grant you any other rights, privileges, or status under local, state, or US law.

Seller's permit vs. resale certificate

Many people confuse the terms *seller's permit* and *resale certificate*. A seller's permit is issued by our agency and allows you to make sales in California. Once you have a seller's permit, you may issue resale certificates to your suppliers. Issuing a resale certificate allows you to buy items *you will sell in your business operations* without paying amounts for tax to the seller.

Obligations of seller's permit holders

When you hold a seller's permit, you must; file sales and use tax returns, and pay any sales or use tax due on your sales and purchases.

You must report and pay sales tax on each taxable sale. At the time you make the sale, you may collect from your customer an amount equal to the tax you will owe.

As a registered seller, you will need to take the time to learn how to properly apply the sales and use tax law in your business operations. And you must keep adequate records that document your sales and purchases. Our classes and publications can help you learn to meet your obligations and help ensure that you don't pay more tax than you owe.

Please note: You should not obtain a seller's permit just to take advantage of the opportunity to issue resale certificates to your suppliers. Issuing a resale certificate to avoid paying tax on items you will use rather than sell is against the law and may result in fines and penalties. If you are not making sales, your permit may be canceled.

Sales and Use TAX FACTS

Publication 107 • LDA

For additional information you may wish to order the publications and regulations listed on the reverse or talk to a Board of Equalization representative.

For assistance, please call
800-400-7115

TDD/TTY 800-735-2929.

Board website and Member
contact information:

www.boe.ca.gov



To contact your Board Member, see
www.boe.ca.gov/members/board.htm

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Applying for a seller's permit

You may obtain a seller's permit application from our website or our Information Center (see phone number on reverse). Our Information Center can fax or mail the application to you. Please be sure to fully complete the application, sign it, and mail it to us along with copies of any requested documents. Or if you prefer, you can apply in person at any of our field offices.

You will need to provide information about your business, including bank account details and estimated income. You must also provide information about yourself and copies of your driver's license and Social Security card (or substitute documents, as explained on the application). If you purchased your business, you'll need to provide the previous owner's name and seller's permit number. To make sure that you won't have to pay any tax, interest or penalties owed by the previous owner, you should request in writing, a tax clearance from us prior to 60 days before you buy.

There is no charge for a seller's permit. However, depending on your type of business and expected taxable sales, we may ask you for a security deposit.

If you apply by mail, you'll usually get your permit within 7 to 14 days. If you apply in person, the field office may be able to issue your permit the same day.

Temporary permits. If you make sales of a temporary nature (such as Christmas tree sales and sales at craft fairs), you may apply for a temporary seller's permit. Temporary permits are issued to those whose sales activity will last no longer than 30 days.

Additional requirements for your business

In addition to registering for a seller's permit, you may need to register for one of the other taxes and fees we administer (call us for help). The state and federal governments have additional requirements for businesses. You must file income tax returns with the California Franchise Tax Board and the US Internal Revenue Service (IRS). Certain businesses are required to obtain permits from the California Department of Consumer Affairs and state and local environmental agencies. And if you have employees, you are required to register as an employer with the California Employment Development Department and the IRS and to pay payroll withholding taxes. You will probably need to obtain a business license or other permits from the county or city where you operate.

California's Environmental Protection Agency (CalEPA) offers extensive local, state, and federal business permit information at a special site on the Internet: www.calgold.ca.gov. Chambers of commerce, economic development organizations, and other business organizations are other good sources of information. Often the business licensing department of a city or county can assist you, too. Some counties and cities publish special guides for small businesses, available free or at a low cost.

For more information

For more information regarding seller's permits, you may wish to order our publication 73, *Your California Seller's Permit*, or to contact our Information Center (see reverse). For a complete list of other Board-administered taxes and fees, please see publication 51, *Guide to Board of Equalization Services*. To find government agency phone numbers, check the government pages of your telephone directory.

Note: *The statements in this fact sheet are general and are current as of July 2007. 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.*