

# Vehicles and Vessels: Use Tax

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**Please read the appendix  
if you are registering ...**

- Commercial deep-sea fishing vessels
- Equipment used to produce and harvest agricultural products or used in commercial timber harvesting.

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# INTRODUCTION

## Overview

This publication provides examples of vehicle and vessel transfers that are not subject to California use tax.

You will also find instructions on how to apply for a “use tax clearance” issued by the BOE. There are two types of certificates, the BOE-111, *Certificate of Vehicle, Mobilehome or Commercial Coach Use Tax Clearance* and the BOE-111-B, *Certificate of Vessel Use Tax Clearance*.

A use tax clearance is a document issued by the BOE stating that you qualify for a specific exemption and that you may register your vehicle or vessel without payment of use tax.

This publication addresses only the more common exemptions. If you think you may qualify for an exemption that is not described here, please call or write the BOE to discuss your situation (see *If I qualify for an exemption, do I need to obtain a use tax clearance?*).

If you purchased a trailer for use in interstate and foreign commerce and think it may be exempt from California use tax, please review [Appendix 4](#). You may also contact the BOE’s Consumer Use Tax Section at 1-916-445-9524 prior to obtaining a Permanent Trailer Identification at the California Department of Motor Vehicles (DMV).

This publication does not apply to documented vessels that are registered with the U.S. Coast Guard. For information on exemptions for the purchase and use of documented vessels, please visit [www.boe.ca.gov](http://www.boe.ca.gov), and refer to [publication 40, Watercraft Industry](#), or call our Customer Service Center at 1-800-400-7115 (TTY:711). You can also contact the BOE’s Consumer Use Tax Section at 1-916-445-9524 for more information.

## Who is required to pay California use tax?

Unless an exemption applies, either sales or use tax applies to the purchase of vehicles or vessels for use in California.

If you buy a vehicle or vessel from someone who is engaged in business in California as a vehicle or vessel dealer, that person is responsible for reporting and paying sales tax.

However, if you buy a vehicle or vessel—or receive one as compensation—from someone who is not a California dealer, you are generally required to pay use tax for the use of the property in this state.

As explained in this publication, your purchase may qualify for an exemption and may not be subject to use tax.



## Exchange of information between states

The BOE may forward the documentation from a use tax clearance request (for a vehicle or vessel) to other states, in accordance with agreements for reciprocal exchange of information between states. Please contact our Consumer Use Tax Section at 1-916-445-9524 for additional information.

## If I am required to pay use tax, how is the tax amount calculated?

The tax rate for use tax is the same as that for sales tax, but it is determined by the address where the vehicle is registered or the vessel is moored.<sup>1</sup>

<sup>1</sup> If the DMV charges you an incorrect tax rate, see [Appendix 3](#).

The use tax is based on the total purchase price of the vehicle or vessel. The total purchase price includes cash, the payment or assumption of a loan or debt, and the fair market value of any property and/or services traded or exchanged for the vehicle or vessel.

## If I qualify for an exemption, do I need to obtain a use tax clearance?

A use tax clearance is a document issued by the BOE stating that you qualify for a specific exemption and that you may register your vehicle or vessel without payment of use tax.

The DMV can process many nontaxable transfers without requiring that you obtain a use tax clearance from the BOE. For example, transfers of vehicles between qualified family members may not require a certificate of use tax clearance.

If you are asked by the DMV to obtain a use tax clearance for a vehicle or vessel, follow the procedures listed below. If you have questions regarding these procedures, please contact the BOE or the DMV.

- To avoid penalty charges, be sure to pay your DMV transfer fee on time. The transfer fee must be paid timely, even if you have not yet received a reply from the BOE about your request for a use tax clearance. If you apply for a use tax clearance, the DMV will return your registration application to you and ask that you re-submit it to them after you have received a reply from the BOE. If the BOE issues you a BOE-111 or a BOE-111-B, submit it to the DMV along with the registration application to complete your registration of the vehicle or vessel.
- To apply for a use tax clearance, you must submit a [BOE-106, Vehicle/Vessel Use Tax Clearance Request](#), to the BOE. A BOE-106 is included at the end of this publication and is also available at [www.boe.ca.gov](http://www.boe.ca.gov).
- You may mail, fax, or submit BOE-106 to your local [BOE field office](#) or the Consumer Use Tax Section in Sacramento. Addresses, fax, and telephone numbers for local BOE field offices are available at [www.boe.ca.gov](http://www.boe.ca.gov).

To mail your application with copies of supporting documentation directly to our Consumer Use Tax Section, please send them to:

Consumer Use Tax Section MIC:37  
State Board of Equalization  
PO Box 942879  
Sacramento, CA 94279-0037

- If your request is approved, the BOE will issue you a BOE-111, *Certificate of Vehicle, Mobilehome, or Commercial Coach Use Tax Clearance* for a vehicle or a BOE-111-B, *Certificate of Vessel Use Tax Clearance*, for a vessel. Return your DMV registration application, along with the *original* BOE-111 or BOE-111-B, to the DMV. (Make a copy of the DMV application and the use tax clearance certificate for your records.)

*Please note:* In some cases, the BOE may ask for additional information before deciding on whether to approve a use tax clearance request. If you are asked to provide supporting documentation, as indicated in this publication, please provide photocopies. Please do *not* send original documents.

- If your request is denied, the use tax is due and must be paid to the DMV. If you disagree with the BOE's findings, you must still pay the tax to the DMV. However, you may file a claim for refund with the BOE, please see [publication 117, Filing a Claim for Refund](#).

Claims for refund should be sent to:

Audit Determination and Refund Section  
MIC:39  
State Board of Equalization  
PO Box 942879  
Sacramento, CA 94279-0039

Please contact the BOE's Consumer Use Tax Section at 1-916-445-9524 or a local [BOE field office](#) if you have additional questions regarding denied exemption requests. Please visit [www.boe.ca.gov](http://www.boe.ca.gov) for all other contact information.

## If I did not pay the use tax at the DMV, what should I do?

If you did not pay or make your full use tax payment to the DMV on your vehicle or undocumented vessel at the time of registration, you should:

- Report and pay the use tax directly to the BOE on our website at [www.boe.ca.gov](http://www.boe.ca.gov) by selecting *Registration-Main Menu*, and then select *Pay use tax, file an exemption or request a tax clearance*.
- Report your purchases of vehicles or undocumented vessels subject to use tax in person at any of our field offices.

Additionally, the BOE has two *mobile applications* for tax and fee payers to do their business on the go.

To pay online, please have the following information available:

- Name and address of both the purchaser and seller
- Identification number of the property purchased such as the vehicle's identification number (VIN), license plate number, the vessel's California registration number (CF), or hull identification number (HIN)
- Make, model, and year of property
- Date of purchase
- Total purchase price
- Address where the vehicle will be registered or where the undocumented vessel will be routinely moored or stored

## Entering into a payment plan with the BOE

If you are not able to pay the full amount of your use tax to the DMV, you may be eligible to make smaller payments by applying for a payment plan online with the BOE. If you qualify, you may be able to pay your liability in weekly or monthly installments. The amount of your payments will generally depend on the amount you owe and your ability to pay. You can easily apply for a payment plan or find more information by visiting our website and clicking on [Online Services](#) and then *Payment Plan*.

If your payment plan is approved, the BOE will issue you a use tax clearance that can be taken to the DMV at the time of registration.

After the BOE issues the use tax clearance, a bill (Notice of Determination) will be sent to you for the use tax due based on the total purchase price plus any penalty and interest charges. Interest will continue to accrue on any unpaid tax until paid in full. However, if you comply with the terms of the payment plan, the 10 percent finality penalty may be relieved under certain circumstances.

For more information regarding applying for a payment plan with the BOE, please contact the Centralized Collection Section at 1-916-445-3670.

## Where can I get help?

### State Board of Equalization

#### For general questions regarding use tax exemptions

Please call our Customer Service Center at 1-800-400-7115 (TTY:711).

#### For questions regarding use tax clearances already filed

If you filed your request ([BOE-106](#)) you can call your local BOE field office directly or our Consumer Use Tax Section at 1-916-445-9524 for help.

### Department of Motor Vehicles

Please contact your local DMV field office. For a listing of local offices, visit [www.dmv.ca.gov](http://www.dmv.ca.gov).

## VEHICLES AND VESSELS TRANSFERRED TO INDIVIDUALS

### Received as a gift

If you received a vehicle or vessel as a gift, you are not required to pay California use tax on that gift.

However, the vehicle or vessel is not considered a gift if:

- You paid cash, traded property, provided services, or assumed a liability in exchange for the vehicle or vessel; or
- Your employer gave you the vehicle or vessel as a form of compensation (for example, a vehicle given to an employee as a bonus).

Examples of transfers that do not qualify as gifts:

- A friend gives you a vehicle and you agree to take over the loan payments. You must pay use tax computed on the balance of the loan still owed to the lender and any other consideration given to acquire the vehicle.
- You are a shareholder and are given a vehicle or vessel by the corporation as a dividend. Use tax applies to the value reported by the corporation as a dividend on its income tax return.



### How to file a request for a use tax clearance (BOE-111 or BOE-111-B)

In most cases the DMV will not ask you to provide a use tax clearance for a gift. However, if the DMV does, you must submit a [BOE-106, Vehicle/Vessel Use Tax Clearance Request](#), to the BOE to request a use tax clearance. If you are registering more than one vehicle or vessel, you can attach a list to the form. Include copies of the following documentation:

- A copy of the certificate of title or the current registration if title is not available.
- Include on the BOE-106 a written statement signed by you indicating that you did not pay for the vehicle or vessel, trade other property for it, assume a debt in exchange for it, or receive it as a dividend, or compensation from an employer. Include the vehicle's identification number (VIN) or license plate number, or the vessel's California registration number (CF) or hull identification number (HIN).
- If the gift is from an individual, provide a signed, written statement from that person indicating the property was given to you as a gift. While a notarized statement is preferable, it is not required. The statement must contain the vehicle's identification number (VIN), license plate number, vessel's California registration number (CF), or hull identification number (HIN) along with the donor's mailing address and telephone number.
- If the donor is a corporation, Limited Liability Company (LLC), partnership, or similar business organization, provide a copy of the business or corporate minutes from a meeting of the Board of Directors or governing body, showing authorization of the gift. The minutes should include information that clearly describes the vehicle or vessel, such as the vehicle's identification number (VIN) or license plate number, or the vessel's California registration number (CF), or hull identification number (HIN). If minutes are not available, a signed statement from an officer/member of the corporation, limited liability company, partnership will be accepted provided there is an accurate description of the item and the name of the person receiving the gift is identified as the claimant. A notarized statement is preferable, but is not required. The statement should also include the donor's mailing address and telephone number.
- If the transfer is to or from a trust, provide copies of the title page and signature or execution pages of the trust, plus the applicable pages—referring to the vehicle or vessel.

- If you received the vehicle or vessel as a gift from a licensed vehicle or vessel dealer, obtain a copy of the bill of sale or a statement from the dealer stating that the tax will be paid to the state. This document should include the dealer's business name and address and California seller's permit number.

You may be required to provide additional information.

## Purchased from a family member

You are not required to pay use tax on the purchase of a vehicle or vessel from a parent, grandparent, grandchild, child, spouse, or domestic partner. If you are a minor (under age 18) and purchase a vehicle or vessel from a minor brother or sister (related to you by blood or adoption), you are not required to pay use tax. Otherwise, tax applies.

*Please note:* The tax exemption *does not* apply if:

- The vehicle or vessel is purchased from a family member who is a licensed vehicle or vessel dealer in California.
- The vehicle or vessel is being transferred from a revocable living trust to a family member who is not a trustee of the trust.
- The vehicle or vessel is purchased from a stepparent, step-grandparent, step-grandchild, stepsibling (if both parties are minors), or stepchild (there must be a legal adoption for these relations to fall under the exemption).

### How to file a request for a use tax clearance (BOE-111 or BOE-111-B)

In most cases, the DMV will not ask you to provide a use tax clearance. However, if the DMV does, you must request the use tax clearance from the BOE by submitting a [BOE-106, Vehicle/Vessel Use Tax Clearance Request](#). If you are registering more than one vehicle or vessel, you can attach a list to the form. Include copies of the following documentation:

- Documents that show proof of the relationship (and age if the transfer is between minors), such as a marriage license, or a Franchise Tax Board tax return showing the parties as spouses, a Certificate of Registration of Domestic Partnership, a birth certificate, or an adoption certificate.
- A copy of the certificate of title or current registration if title is not available.

## Involuntary transfer of ownership (court order, inheritance)

If you have assumed ownership as the result of an involuntary transfer of ownership, you are not required to pay use tax on the transferred vehicle or vessel. An *involuntary transfer* is one in which you assume ownership of a vehicle or vessel due to circumstances beyond your control. For example, you may have acquired the vehicle or vessel as the result of a court order, a property settlement in a divorce, an inheritance from an estate, or the repossession of a vehicle or vessel you sold.

### How to file a request for a use tax clearance (BOE-111 or BOE-111-B)

To file a request for a use tax clearance, submit your completed [BOE-106, Vehicle/Vessel Use Tax Clearance Request](#), to the BOE. If you are registering more than one vehicle or vessel, you can attach a list to the form.

Include *copies* of the following documentation:

- A copy of the certificate of title or properly endorsed documents from the court or the DMV.
- Official court property settlement documents or a certificate of repossession. The documents should include information that clearly describes the vehicle or vessel, such as the vehicle's identification number (VIN) or license plate number, or the vessel's California registration number (CF) or hull identification number (HIN). If they do not provide adequate information, you may need to obtain additional documentation.

## Dissolution of a corporation, limited liability company, or partnership

You may have received a vehicle or vessel as the result of the distribution of assets upon the dissolution of a corporation, limited liability company, or partnership. If the vehicle or vessel was given to you solely as a liquidation

distribution and no consideration was given for the property (for example, the payment of cash or the assumption of a liability), the transfer is not subject to use tax.

### How to file a request for a use tax clearance (BOE-111 or BOE-111-B)

To file a request for a use tax clearance, submit your completed [BOE-106, Vehicle/Vessel Use Tax Clearance Request](#) to the BOE. If you are registering more than one vehicle or vessel, you can attach a list to the form.

Include *copies* of the following documentation:

- A copy of the certificate of title or copy of the current registration if title is not available.
- Business or corporate minutes from a meeting of the Board of Directors or governing body authorizing the distribution of assets. The minutes should include information that clearly describes the vehicle or vessel, such as the vehicle's identification number (VIN) or license plate number, or the vessel's California registration number (CF) or hull identification number (HIN). If minutes are not available, a signed statement from an officer/member of the corporation, limited liability company, or partnership will be accepted provided there is an accurate description of the item and the name of the person receiving the property is identified as the claimant. If the corporation is closely held, a statement containing the above information, signed by the officers, will suffice. While a notarized statement is preferable, it is not required.
- Dissolution documents, which carry a filing stamp verifying certification by the Secretary of State. The documents should indicate that the liabilities of the corporation, limited liability company, or partnership have been satisfied.

You may be required to provide additional information.

### Purchased or delivered out-of-state

The applicable test period used to establish whether a vehicle or vessel purchased or delivered out-of-state is presumed to have been purchased for use in this state generally depends upon the purchase date of the vehicle or vessel.

If you purchase a vehicle or vessel outside of California but first functionally used it in California, the exclusion does not apply and the purchase and use is subject to use tax.

For purchases or binding purchase contracts entered into prior to October 2, 2004, and on or after July 1, 2007, through September 30, 2008, contact your local BOE office for instructions on how to qualify for this exclusion.

For purchases beginning October 2, 2004, through June 30, 2007, and on or after October 1, 2008, a vehicle or vessel purchased outside of California, first functionally used outside of California, and brought into California within 12 months from the date of its purchase is also presumed to have been purchased for use in California and subject to tax if **any** of the following conditions occur:

- Purchased by a California resident as defined in section 516 of the California Vehicle Code<sup>1</sup>, *or*
- In the case of a vehicle, subject to California vehicle registration during the first 12 months of ownership, *or*
- In the case of a vessel, subject to property tax in California during the first 12 months of ownership, *or*
- Used or stored in California for more than one-half of the time during the first 12 months of ownership.

*Please note:* A California resident is defined to include a closely held corporation or limited liability company if 50 percent or more of the shares or membership interests are held by members who are residents of California as defined in section 516 of the Vehicle Code.

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<sup>1</sup>Vehicle Code section 516 provides in part that a "resident" means any person<sup>2</sup> who shows an intent to live or be located in California on more than a temporary basis. Presence in California for six months or more in any 12-month period creates a rebuttable presumption of residency, as evidenced by factors including the address where the resident is registered to vote and the location of his or her place of employment or business.

<sup>2</sup>Vehicle Code section 470 states that a "Person" includes a natural person, firm, co-partnership, association, limited liability company, or corporation.

The four conditions listed above are independent conditions under which the presumption of purchase for use in California may arise. Only one of the conditions needs to be met for the presumption to apply.

The presumption may be rebutted if the purchaser provides sufficient documentation as evidence to prove the vehicle or vessel was purchased for use outside California during the first 12 months of ownership. This evidence may include, but is not limited to, proof of registration of the vehicle or vessel with the proper out-of-state authority.

In some instances, the purchaser may claim that at the time of purchase, the intent was not to use the vehicle or vessel in California, but subsequent circumstances changed that original intent (for example, a job change). To overcome the presumption that the vehicle or vessel was purchased for storage, use or other consumption in this state, the following two factors must be present:

1. At the time of purchase, the purchaser had no intent to use the property in California at all, until compelled to do so by changed circumstances, and
2. The subsequent change of circumstances was beyond the control of the purchaser.

*Please note:* If your purchase is subject to tax, you may be eligible to take a credit for sales or use tax paid to another state at the time you purchased the vehicle. Please provide the DMV with a copy of the purchase agreement showing the amount of sales or use tax you paid to another state. If the tax paid to another state is lower than the use tax due to California, you will owe the difference. The DMV can handle this credit directly.

## Assistance with your questions on out-of-state purchases

The Sales and Use Tax Law can be complex, and you are encouraged to put your tax questions in writing. Not only will that give us more information on which to base our advice to you, it may protect you from owing tax, interest, or penalties if we should give you erroneous information. Such protection is not provided for advice given to you verbally, in person, or on the telephone. Requests for written advice can be emailed to the Board of Equalization (BOE) at [www.boe.ca.gov/info/email.html](http://www.boe.ca.gov/info/email.html) or mailed directly to the BOE field office nearest you. For instructions on how to get your tax questions in writing, please see [BOE-8, Get It in Writing](#).

Also, please see *Frequently Asked Questions—Use Tax on Purchases of Vehicles, Vessels, and Aircraft* page on our website at [www.boe.ca.gov/sutax/faqtrans.htm](http://www.boe.ca.gov/sutax/faqtrans.htm).

## Vehicles

The BOE may request any documentation that demonstrates out-of-state delivery and use of the vehicle outside of California during the applicable test period. Such documentation may include, but is not limited to:

- A signed and notarized [BOE-448, Statement of Delivery Outside California](#);
- A copy of the purchase agreement or contract;
- Documents that show delivery outside of California and who contracted for that delivery (buyer or seller);
- Documents to show the first functional use outside of California;
- Receipts for meals;
- Receipts for lodging or campground receipts;
- Receipts for fuel;
- Receipts for transportation;
- Documentation to show the use and location of the vehicle outside of California during the applicable qualifying period (12 months or 90 days);
- Cell phone bills that show the purchaser outside of California during the qualifying period;
- Registration or title documents for the vehicle or vessel in another state;

- Credit card receipts/bank statements;
- Insurance documents which indicate the location and time period of coverage of vehicle; *and*
- Any other documents that would show the location and use of the vehicle outside of California during the qualifying period.

## Vessels

Types of documents that should be retained to support your claim that a vessel was not purchased for use in California include:

- Mooring receipts;
- Service/fuel receipts;
- Credit card receipts/bank statements;
- Miscellaneous receipts (incidentals, meals, or toll receipts);
- A copy of the purchase agreement or contract;
- Documents that show delivery outside of California and who contracted for that delivery (buyer or seller);
- Documents to show the first functional use outside of California;
- Insurance documents which indicate the location and time period of coverage of vessel and its navigational limits;
- Receipts for lodging; *and*
- Any other documents showing the location of your vessel during the appropriate test period after purchase.

All documentary evidence must be retained for at least eight years.

For a purchaser to qualify for this exclusion from use tax, the vehicle or vessel must be delivered to the purchaser outside of California. Generally, when the vehicle or vessel is delivered to the purchaser or their representative in California, tax applies. However, if the contract for sale requires the vehicle or vessel to be shipped out of state, and it is shipped out of state by the facilities of the seller or by delivery to a common carrier, whether hired by the purchaser or seller, then the sale occurs outside of California and no tax is due. If, however, regardless of the contract, the vehicle or vessel is diverted to the purchaser or their representative in California, then tax applies. For example, if a purchaser asks a friend or agent to deliver the property from California to the purchaser himself or herself at an out-of-state location, use tax applies.

For additional information, please refer to [Regulation 1620](#), *Interstate and Foreign Commerce*, available at [www.boe.ca.gov](http://www.boe.ca.gov).

### *Limited Exclusion for Vehicles*

For the period September 20, 2006, through June 30, 2007, and on or after October 1, 2008, California law provides a use tax exclusion for vehicles purchased outside California and brought into this state during the first 12 months of ownership for the exclusive purpose of warranty or repair work provided the vehicle was used or stored in this state for that purpose for 30 days or less. The 30-day period begins on the date the vehicle enters California and includes any travel time to and from the repair facility and ends when the vehicle is returned to a point outside the state.

### *Limited Exclusion for Vessels*

For the period October 2, 2004, through June 30, 2007, and on or after October 1, 2008, a vessel purchased out of state and brought into California during the first 12 months of ownership for the limited purpose of repair, retrofit, or modification is not presumed to have been purchased for use in California if the purchaser, or agent of the purchaser, logged no more than 25 hours of sailing time on that vessel in California for incidental or other use. The calculation of sailing time logged does not include sailing time logged after the completion of the vessel's repair, retrofit, or modification for the sole purpose of returning or delivering the vessel to a point outside California.

Effective January 1, 2010, the provision allowing a vessel purchased out of state to be brought into California during the first 12 months of ownership for the limited purpose of repair, retrofit, or modification was changed to remove the sailing time limitation and to provide that the vessel may only enter California for the exclusive purpose of the repair, retrofit, or modification performed by any one of the following:

- A county licensed repair facility;
- A city licensed repair facility;
- A city and county licensed repair facility; *or*
- A repair facility located within a county that has no licensing requirement.



Therefore, a vessel that enters California during the first 12 months of ownership for the purpose of repair, retrofit, or modification performed by an unlicensed repair facility in a county with a licensing requirement will be presumed to have been purchased for use in California.

#### *Qualifying repair examples:*

Mr. Jones brings his boat into California for an engine modification. The repair facility has a business license from the county of Los Angeles and Mr. Jones delivers his boat to the repairer's facility. At the repair facility, the engine is modified to run more efficiently. This repair would qualify for the limited exclusion for vessels.

Mr. Smith sails in a boat he has owned for six months to California for a repair. Mr. Smith uses a repair facility with a business license from Sacramento County. The licensed facility makes the repair at the marina where Mr. Smith moored his boat. Although the repair was not made at the repair facility, the repair was made by a repairer who works for a repair facility and would qualify for the limited use exclusion for vessels.

#### *Nonqualifying repair example:*

Mr. Lee brings a boat to Los Angeles, California to have his brother-in-law make some repairs and modifications to the boat. Mr. Lee is going to have him add some special lighting and make some other retrofits with more updated equipment. Mr. Lee's brother-in-law does handyman work as a side job but he is not associated with a licensed repair facility. As the retrofits are not made by a licensed repair facility, bringing the vessel into California for this repair/retrofit would not qualify for the limited use exclusion and the vessel would be considered purchased for use in California and subject to use tax.

### **How to calculate your use tax liability**

If your purchase is taxable, you may be eligible for a credit for sales or use tax paid to another state when you purchased the vehicle or vessel. For example, if you properly paid \$150 sales or use tax to another state and the California use tax due is \$200, the DMV will credit you for the \$150 and charge you \$50 for the balance of the use tax due. Conversely, if you paid a \$200 sales or use tax payment to another state and the California use tax due is \$150, you will not be charged an amount for California use tax.

Please provide the DMV with a copy of the purchase agreement or other document that shows proof of payment and the amount of sales or use tax paid to the other state.

Please see [Frequently Asked Questions—Use Tax on Purchases of Vehicles, Vessels, and Aircraft](#) at [www.boe.ca.gov](http://www.boe.ca.gov).

## Military personnel

If a vehicle purchased by an active duty service member is delivered to or received at a location outside California, sales tax or use tax may not apply if the service member moved to California, and brought the vehicle into California, because of an official transfer to the state and the contract to purchase the vehicle is made before the service member receives the official transfer orders to California. If the vehicle is purchased after the service member receives transfer orders, tax applies unless the vehicle purchased was not intended for use in California. Please see [Purchased or delivered out-of-state—not intended for use in California](#), for more details.

*Please note:* If at the time the contract to purchase the vehicle is made the service member arranges to take delivery of the vehicle in California, the service member will be considered to have made an independent determination to use the vehicle in California and tax will apply.

### How to file a request for a use tax clearance (BOE-111 or BOE-111-B)

To file a request for a use tax clearance, submit a [BOE-106, Vehicle/Vessel Use Tax Clearance Request](#), to the BOE. If you are registering more than one vehicle, you can attach a list to the form. Include copies of the following documentation:

- A copy of the certificate of title or the current registration if title is not available;
- Purchase contract, showing the date of purchase; *and*
- Your official military transfer orders.

## Purchased from the U.S. government

If you purchase a vehicle or vessel from the U.S. government, your purchase *may or may not be exempt from California use tax*. Specific conditions must be met in order for the exemption to apply.

*Please note:* Exemptions that apply to purchases made from the U.S. government do not extend to purchases from the State of California or local governments, such as cities and counties.

**Purchases not subject to tax.** If you purchase a vehicle or vessel from a U.S. Marshal as part of a sale ordered by a federal court, you are not liable for use tax. Likewise, sales made in accordance with the following U.S. Code sections are not subject to use tax:

- United States Code, Title 8, section 1324 (Aliens and Nationality);
- United States Code, Title 19, section 1595a (Custom Duties);
- United States Code, Title 21, section 881 (Food and Drugs); *and*
- United States Code, Title 40, section 481(c) (Public Buildings, Property and Works).

Your receipt will usually identify the section under which the property was sold.

**Purchases subject to tax.** The U.S. government often holds auctions to sell property it has seized as part of a lien enforcement or as the result of a loan default. For example, the Internal Revenue Service may sell property it has seized for tax collection purposes (in accordance with Internal Revenue Code, section 6335). The Small Business Administration may sell property that had been used to secure loans which later defaulted (in accordance with



the Uniform Commercial Code). The federal government may hold an auction to dispose of surplus property (in accordance with United States Code, Title 40, section 484, "Disposal of Surplus Property"). Sales made in this manner are *subject to use tax* unless another exemption applies.

#### How to file a request for a use tax clearance (BOE-111 or BOE-111-B)

To file a request for a use tax clearance, submit a [BOE-106, Vehicle/Vessel Use Tax Clearance Request](#), to the BOE. If you are registering more than one vehicle or vessel, you can attach a list to the form. Include *copies* of the following documentation:

- Vehicle or vessel transfer documents issued by the U.S. government;
- The purchase invoice, which should include information that clearly describes the vehicle or vessel, such as the vehicle's identification number (VIN) or license plate number, or the vessel's California registration number (CF) or hull identification number (HIN). If the invoice does not provide adequate information, you may need to provide additional documentation; *and*
- Documentation indicating the authority under which the property was sold (United States Code, Title, and section). If the purchase invoice shows this authority, no additional documentation is needed. Otherwise, you may need to request a letter from the federal government verifying the authority. Contact the selling agency or contact the General Services Administration at 1-415-522-3020 for this information.

#### Private party purchase for out-of-state use, one-trip permit

The purchase of a vehicle from a person in California, who is not required to hold a dealer's license or a seller's permit (private party), is generally subject to use tax at the time the vehicle is registered with the DMV. However, a purchaser is not required to pay California *use tax* if the only use of the vehicle purchased from a private party in California is to remove it from the state *and* it will be used solely thereafter outside this state. This exclusion from use tax requires that no other use can be made of the vehicle in this state. A One-Trip Permit may be issued by the DMV in lieu of registration, for operating certain vehicles while being moved or operated unladen for one continuous trip from a place within this state to another place outside this state. This exclusion does not apply to sales tax.

#### Purchased by an American Indian for use on a reservation

The sale of a vehicle or vessel by an off reservation<sup>1</sup> retailer is generally not subject to tax when the vehicle or vessel is purchased by an American Indian<sup>2</sup> who resides on a reservation, and delivery is made to the purchaser on a reservation and the ownership transfers on the reservation to the American Indian.

This exemption also applies to purchases by "Indian organizations" and "Indian couples as defined below:"

- "Indian organizations" include Indian tribes and tribal organizations.
  - Partnerships qualify as "Indian organizations" for California sales and use tax purposes only when all of the partners are Indians.
  - Corporations and limited liability companies qualify as Indian organizations only if they are organized under tribal authority and wholly owned by Indians.

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<sup>1</sup> Reservation includes reservations, rancherias, and any land held by the United States in trust for any Indian tribe or individual American Indian.

<sup>2</sup> Indian means any person of American Indian descent who is entitled to receive services as an American Indian from the United States Department of the Interior.

- “Indian couples” include a married couple or a registered domestic partnership for exemption purposes when it consists of two Indians or of an Indian and a non-Indian that have entered into officially recognized family relationships under California law or tribal law. This generally includes a married couple or a domestic partnership. Tribes have the authority to establish their own laws and regulations regarding such unions. If either California law or tribal law recognizes the family relationship, and at least one member of the couple is an Indian, the couple qualifies as an Indian couple.

Use tax does not apply if a vehicle or vessel is used on a reservation more than one-half of the time during the first 12 months after it was purchased. A vehicle or vessel is used off a reservation when it is used or stored off a reservation. Use tax, if due, is payable by the American Indian purchaser directly to the BOE.

Please see [publication 146](#), *Sales to American Indians and Sales on Indian Reservations*, available at [www.boe.ca.gov](http://www.boe.ca.gov).

#### How to file a request for a use tax clearance (BOE-111 or BOE-111-B)

To file a request for a use tax clearance, submit a [BOE-106](#), *Vehicle/Vessel Use Tax Clearance Request*, to the BOE. If you are registering more than one vehicle or vessel, you can attach a list to the form. Include *copies* of the following documentation:

- A copy of the certificate of title or current registration if title is not available;
- Purchase invoice, showing the date you took title of the vehicle or vessel and showing the date and place the vehicle or vessel was delivered to you; *and*
- Documentation showing you are an American Indian residing on a reservation. This may include any one of the following:
  - Either a proof-of-residency letter from your Tribal Council, *or*
  - Your tribal ID card, *or*
  - A letter from the U.S. Department of the Interior to show the purchaser is an American Indian.

# VEHICLES AND VESSELS TRANSFERRED TO A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP

## Transfers to existing corporations

The transfer of a vehicle or vessel to an existing corporation is not subject to use tax if the property is transferred to the corporation for no consideration.

Examples of *consideration* include cash, credits, shares in the corporation, promissory notes, the fair market value of any trade (including “even” trades), the cancellation of a debt, or the assumption of a loan.

If the corporation gives consideration for the vehicle or vessel, the transfer is subject to use tax based on the value of the consideration given.

## Intercompany transfers

The transfer of a vehicle or vessel from one corporation or limited liability company (LLC) to another corporation or LLC for consideration is a sale without regard to whether the entities are related or not. If a subsidiary transfers tangible personal property for consideration to another subsidiary, or to the parent company (or vice versa), provided that the subsidiary and parent are separate persons for sales and use tax purposes, it is a sale subject to tax unless otherwise exempt.

The purchase price subject to tax would include cash, the market value of any property given in trade, the payment or assumption of a liability, an intercompany debt, the cancellation of indebtedness, the receipt of additional shares or ownership interests, or any other valuable consideration given by the transferee to the transferor in exchange for the property.

When one entity carries tangible personal property on its books as an asset, and that property is then transferred to a related entity, the transfer must be accounted for in some manner in the books of the transferor. The transferee must also account in its books for the transfer received and the resulting increase in its assets. If this is done by creating an inter-company debt, for example, the transferor shows a credit due from the transferee and the transferee shows a corresponding debt owed to the transferor, consideration has been paid. The amount of that consideration is subject to tax unless the sale and use of the property is otherwise exempt.

### *“Bargain sales” or donations to a nonprofit organization.*

In some cases, a seller will “donate” a portion of the selling price of a vehicle or vessel as a charitable donation for income tax purposes and ask for consideration, such as cash, for the remaining value of the vehicle or vessel. Use tax is based on the actual consideration given to the seller—not the donated portion of the selling price.

### How to file a request for a use tax clearance (BOE-111 or BOE-111-B)

To file a request for a use tax clearance, submit a [BOE-106](#), *Vehicle/Vessel Use Tax Clearance Request*, to the BOE. If you are transferring more than one vehicle or vessel, you can attach a list to the form. Include *copies* of the following documentation:

- A copy of the certificate of title or the current registration if title is not available.
- A written statement signed by a representative of the company, indicating that the corporation did not pay for the vehicle or vessel or assume a debt in exchange for it. While a notarized statement is preferable, it is not required. The statement should contain the vehicle’s identification number (VIN) or license plate number, or the vessel’s California registration number (CF) or hull identification number (HIN).
- A written statement from the donor indicating he or she received no consideration for the property and the property was not given as part of a contractual agreement. Again, while a notarized statement is preferable, it is not required. The statement should include information that clearly describes the vehicle or vessel, such as the

vehicle's identification number (VIN), license plate number, the vessel's California registration number (CF), or hull identification number (HIN) along with the donor's mailing address and telephone number. If the statement does not provide adequate information, you may need to obtain additional documentation.

*Please note:* If the donor is a corporation, limited liability company, partnership, or similar business, it must also provide documentation showing that the person signing the above written statement is authorized to sign for the donor.

You may be required to provide additional information.

## Contributions to commencing corporations, limited liability companies, or partnerships

If a commencing corporation, limited liability company, or partnership has received a vehicle or vessel solely in exchange for the first issue of stock in the commencing corporation or for an ownership interest in a commencing limited liability company or partnership, the transfer is nontaxable. However, if the corporation, limited liability company, or partnership assumed a liability or paid any other consideration, it must pay use tax based on the liability assumed and any other consideration given or paid to acquire the vehicle or vessel. A lienholder on the title generally indicates an assumption of liabilities.

### How to file a request for a use tax clearance (BOE-111 or BOE-111-B)

To file a request for a use tax clearance, submit a [BOE-106, Vehicle/Vessel Use Tax Clearance Request](#), to the BOE. If you are registering more than one vehicle or vessel, you can attach a list to the form. Include copies of the following documentation:

- A copy of the certificate of title or a copy of the current registration if title is not available;
- Corporate minutes or other written document of the commencing corporation, limited liability company, or partnership authorizing acceptance of the vehicle or vessel in exchange for a first issue of stock or membership or partnership interest. The document should include information that clearly describes the vehicle or vessel, such as the vehicle's identification number (VIN) or license plate number, or the vessel's California registration number (CF) or hull identification number (HIN). If the minutes do not provide adequate information, you may need to obtain additional documentation; *and*
- A written statement by the transferor that the transfer is solely in exchange for stock or membership or partnership interest in the commencing corporation, limited liability company, or partnership. As stated above, while a notarized statement is preferable, it is not required.
- A copy of the original statement of partnership or articles of incorporation or organization carrying a filing stamp showing they have been filed as certified by the Secretary of State.

You may be required to provide additional information.

## Transfers to substantially similar corporations, limited liability companies, or partnerships

A transfer of a vehicle or vessel to a similarly owned corporation, limited liability company, or partnership is not subject to use tax if:

- The total property transfer, including the vehicle or vessel, represents at least 80 percent of the property used by the transferring entity in its business endeavor; *and*
- The real or ultimate ownership of the resulting corporation, limited liability company, or partnership is substantially similar (80 percent) to the ownership of the corporation, limited liability company, or partnership that transferred the vehicle or vessel.

The 80 percent threshold is based upon the monetary value of the assets held by the transferring entity, not the number of assets. Additionally, the vehicle or vessel must have been used by the transferring entity in a business activity in order for the exemption to apply.

#### How to file a request for a use tax clearance (BOE-111 or BOE-111-B)

To file a request for a use tax clearance, submit a [BOE-106](#), *Vehicle/Vessel Use Tax Clearance Request*, to the BOE. If you are registering more than one vehicle or vessel, you can attach a list to the form. Include copies of the following documentation:

- A copy of the certificate of title or a copy of the current registration if title is not available;
- Articles of incorporation or organization, statement of partnership, or similar documentation filed with the Secretary of State;
- Proof of previous ownership of the corporation, limited liability company, or partnership and a list of its assets, such as a recent income tax return with depreciation schedules; *and*
- Corporate stock register or comparable documentation that identifies owners, shareholders, members, or partners and percentage of ownership.

You may be required to provide additional information.

#### Involuntary transfer of ownership (court order or repossession)

An “involuntary transfer” is a transfer in which a transferee, because of circumstances beyond the transferee’s control, assumes ownership. For example, a corporation may receive a vehicle as the result of a court order or the repossession of a vehicle or vessel previously sold by it.

Use tax does not normally apply if title to the property changes due to an involuntary transfer.

#### How to file a request for a use tax clearance (BOE-111 or BOE-111-B)

To file a request for a use tax clearance, submit a [BOE-106](#), *Vehicle/Vessel Use Tax Clearance Request*, to the BOE. If you are registering more than one vehicle or vessel, you can attach a list to the form. Include *copies* of the following documentation:

- A copy of the certificate of title or a copy of the current registration if title is not available;
- Minutes of the Board of Directors or governing body, showing receipt of the involuntary transfer. If minutes cannot be provided, a signed letter from the transferee accepting the property will suffice. Either document must contain the vehicle identification number (VIN) or the vessel’s California registration number (CF) or hull identification number (HIN); *and*
- Official court property settlement documents or certificates of repossession. These documents must contain the vehicle’s identification number (VIN) or license plate number, or the vessel’s California registration number (CF) or hull identification number (HIN).

You may be required to provide additional information.

## VEHICLES AND VESSELS TRANSFERRED INTO REVOCABLE LIVING TRUSTS

Subject to the conditions listed below, the transfer of a vehicle or vessel into a revocable living trust is not subject to use tax.

*Please note:* There is no exemption in the law for transfers to *irrevocable* trusts.

### Transfers into revocable living trusts

The transfer of a vehicle or vessel into a revocable trust is not subject to tax if *all* of the following conditions are met:

- The trustees of the living trust have the unrestricted power to revoke the trust;
- The transfer does not result in any change in the beneficial ownership of the property (the people who actually use or benefit from the use of the vehicle or vessel);
- The trust provides that upon revocation of the trust, the vehicle or vessel will revert wholly to the transferor; *and*
- The only consideration for the transfer is the assumption by the trust of an existing loan for which the tangible personal property being transferred is the sole collateral.

### How to file a request for a use tax clearance (BOE-111 or BOE-111-B)

To file a request for a use tax clearance, submit a [BOE-106, Vehicle/Vessel Use Tax Clearance Request](#), to the BOE. If you are registering more than one vehicle or vessel, you can attach a list to the form. In your request for exemption, be sure to cover the elements listed above.

Include *copies* of documentation such as:

- The certificate of title or current registration if title is not available;
- Certificate of Trust or other proof of existence of the trust, such as copies of the title page and the signature or execution page;
- Sections of the trust relating to transfers of property;
- Loan assumption papers; *and*
- Documentation verifying the donor's relationship to the trust.

You may be required to provide additional information.

## APPENDIX 1

### Commercial Deep-Sea Fishing Vessels

*The information in this section applies to vessels that are registered with the DMV. It does not apply to vessels that are documented, or registered, with the U.S. Coast Guard. If you are claiming an exemption for such a vessel, please contact the BOE's Consumer Use Tax Section for more information at 1-916-445-9524.*

#### Exempt use of deep-sea fishing vessels

Use tax does not apply to vessels registered with the DMV if the vessel is used in commercial deep sea fishing operations outside the territorial waters of California by a person who is regularly engaged in commercial deep



sea fishing. To qualify, the vessel must be used by persons who are regularly engaged in commercial deep sea fishing *and*, the vessel itself must actually be used principally (more than 50 percent) in commercial deep-sea fishing operations outside the territorial waters of this state, using a test period of 12 consecutive months beginning with the first operational use of the vessel.

To qualify for exemption, you must retain evidence that the vessel was used principally (more than 50 percent of its activity) in commercial deep-sea fishing operations outside the territorial waters of California and the person claiming the exemption is a person who is regularly engaged in commercial deep sea fishing.

It shall be reputably presumed that “persons who are regularly engaged in commercial deep sea fishing” do not include persons who have gross receipts from commercial deep sea fishing operations that total less than \$20,000 a year. If the person purchasing the vessel was not previously engaged in commercial deep sea fishing at the time of purchase then the first 12-month period after the first functional use of the vessel shall be used to determine the gross receipts. If the person is already engaged in commercial deep sea fishing operations, the person will not be considered to be regularly engaged in the business of commercial deep sea fishing unless receipts from commercial deep sea fishing operations aggregate at least \$20,000 during any consecutive 12-month period.

*Please note:* Tax applies with respect to vessels used in commercial deep sea fishing operations if the vessel is used more than 50 percent or more of the time within the territorial waters of California, using a test period of 12 consecutive months beginning with the first operational use of the vessel.

The following are examples of documentation to retain as evidence:

- Receipts for commercial sales (fish tickets);
- Copies of the individual's and vessel's commercial fishing license(s);
- Vessel logs showing Loran or GPS (global positioning system) readings and engine hours;
- Copy of income tax return(s); *and*
- Photographs of the entire vessel.

#### How to file a request for a use tax clearance (BOE-111-B)

To file a request for a use tax clearance, submit a [BOE-106, Vehicle/Vessel Use Tax Clearance Request](#), to the BOE. If you are registering more than one vessel, you can attach a list to the form. In your request, be sure to state the expected primary usage of the vessel.

*If you purchased the vessel from a vessel dealer, include copies of the following documentation with your form:*

- The Statement of Origin, including the hull identification number (HIN); *and*
- Purchase invoice, showing the vessel's price and its expected delivery date.

If you purchased the vessel from someone who is not a vessel dealer (a private party, for example), include:

- A copy of the bill of sale or purchase invoice showing the vessel's price and delivery date.

If you are issued a BOE-111-B, *Certificate of Use Tax Clearance*, you must take it to the DMV to complete your registration.

The BOE will contact you approximately one year after issuance of the BOE-111-B to obtain records that verify the use of the vessel qualifies for the exemption. If the use of the vessel does not qualify for the exemption, the BOE will advise you of your use tax liability.

## APPENDIX 2

### Partial Tax Exemption for Qualified Farm Equipment and Machinery or Timber Harvesting Equipment and Machinery

#### Introduction

The following information applies to the registration of farm equipment and machinery or timber harvesting equipment and machinery purchased for use in California with the Department of Motor Vehicles (DMV). For more information please see [publication 66, Agricultural Industry](#), at [www.boe.ca.gov](http://www.boe.ca.gov) or request a copy from our Customer Service Center at 1-800-400-7115 (TTY:711).

You may be eligible for a partial tax exemption if you purchased farm equipment and machinery or timber harvesting equipment and machinery that will be used primarily to produce and harvest agricultural products or used in commercial timber harvesting.

To claim the partial exemption *all* of the following must apply:

- You must be a “qualified person;”
- You must purchase qualifying equipment and machinery; *and*
- You must primarily use the equipment and machinery in a qualifying manner. Some types of equipment and machinery must be exclusively used to qualify.

To determine whether the partial exemption applies, visit the websites listed below:

#### Farm equipment and machinery:

[www.boe.ca.gov/sutax/exemptfem.htm](http://www.boe.ca.gov/sutax/exemptfem.htm)

#### Timber harvesting equipment and machinery:

[www.boe.ca.gov/sutax/exemptthar.htm](http://www.boe.ca.gov/sutax/exemptthar.htm)

If you are planning to, or have purchased qualifying equipment and machinery, you will not be required to pay a portion of the sales and use tax rate.

Effective January 1, 2016, the current partial exemption rate is 5.25 percent.

#### If your purchase qualifies for the partial tax exemption

You can:

- Pay the amount of tax actually due (after claiming the partial exemption) directly to the BOE; *or*
- Pay the tax—not reduced by the partial exemption—to DMV at the time you register and file a claim for refund with the BOE for the overpayment.

If you choose to pay BOE directly, in order to register the equipment and machinery with DMV without paying any additional tax, you must complete a use tax clearance request ([BOE-106](#)) and submit it to any [BOE field office](#). If approved, the BOE will issue you a certificate of use tax clearance that must be filed with the DMV at the time of registration.

If you choose to pay the tax to the DMV, you may file a claim for refund of the partially exempt amount with the BOE in order to claim the partial exemption amount. The DMV also has special registration procedures for some types of farm equipment and machinery. Please refer to [www.dmv.ca.gov](http://www.dmv.ca.gov) for more information.



To request a refund or credit for overpaid use tax on qualifying equipment and machinery purchases, you must timely write a letter or submit a completed [BOE-101-DMV](#), *Claim for Refund or Credit for Tax Paid to DMV*, form with your supporting documentation to any [BOE field office](#) or to the Consumer Use Tax Section at the following address:

Consumer Use Tax Section MIC:37  
State Board of Equalization  
PO Box 942879  
Sacramento, CA 94279-0037

Generally, you must file a claim for refund or credit no later than three years from the last day of the month following the close of the reporting period for which the overpayment was made, or six months from the date of payment, whichever period expires later. After this deadline has passed, we generally cannot refund you for any overpayments regardless of the reason.

When requesting a refund, provide the following documentation:

- A copy of the certificate of title or current registration if title is not available;
- A copy of written evidence of being engaged in an industry categorized as one of the required Standard Industrial Classification codes (for example, a copy of a current income tax return including Schedule F, which shows an equivalent NAICS Code; or a copy of an employment or service contract);
- A copy of the bill of sale or purchase invoice; *and*
- A completed partial exemption certificate supporting the claimed partial exemption.

You may download copies from:

**Farm equipment certificate**

[www.boe.ca.gov/pdf/boe230d.pdf](http://www.boe.ca.gov/pdf/boe230d.pdf)

**Timber harvesting equipment certificate**

[www.boe.ca.gov/pdf/boe230h.pdf](http://www.boe.ca.gov/pdf/boe230h.pdf)

If your request is approved, the BOE will mail you a refund check.

- Pay the tax—reduced by the partial exemption—directly to the BOE and receive a tax clearance from the BOE to submit to the DMV.

To file a request for a BOE-111, *Certificate of Vehicle, Mobilehome or Commercial Coach Use Tax Clearance* or a BOE-111-B, *Certificate of Vessel Use Tax Clearance*, you must submit a [BOE-106](#), *Vehicle/Vessel Use Tax Clearance Request* to the BOE. If you are registering more than one vehicle, you can attach a list to one single form.

Mail your application (BOE-106) with copies of supporting documentation directly to our Consumer Use Tax Section at:

Consumer Use Tax Section MIC:37  
State Board of Equalization  
PO Box 942879  
Sacramento, CA 94279-0037

In your request, please indicate that you are claiming a partial tax exemption. Include with your request the documentation listed in the previous section.

## APPENDIX 3

### Charged the Incorrect Tax Rate on Vehicles and Vessels?

#### Introduction

*In California, the sales and use tax rate can vary across cities and counties because they have special tax districts that impose an additional tax. If you register a vehicle or vessel at the DMV to an address within a special tax district, the district tax is included as part of the total tax collected.*

If you purchase a vehicle or vessel through a private-party sale (not at a registered dealer) you are required to register it with the DMV. Typically, the DMV will charge use tax on the transaction based upon the address of the location where the vehicle or vessel is registered. In some cases, the wrong tax rate may be charged when the address is based upon a zip code that crosses city and county lines.

To verify your tax rate, use the BOE's interactive map at [www.boe.ca.gov/taxrate](http://www.boe.ca.gov/taxrate) and enter the address where the vehicle or vessel will be registered. Compare this rate to the rate you were charged when you registered the vehicle or vessel. If you were charged the wrong amount, you may file a claim for refund with the BOE, please see [publication 117, Filing a Claim for Refund](#).

[California City and County Sales and Use Tax Rates](#), provides information about errors which can occur when using a zip code or mailing address to determine a sales tax rate, explains recent tax rate changes, the history of sales and use tax rates, rates and effective dates of district taxes, and the combined sales, use, and district tax rate in certain cities and communities in California.

Additionally, some cities have developed a database of addresses available at [www.boe.ca.gov/sutax/cityaddresses.htm](http://www.boe.ca.gov/sutax/cityaddresses.htm) to assist retailers and consumers in identifying addresses located within the special taxing jurisdictions. In cooperation with these cities, the BOE website provides links to their address databases. If you have questions about the addresses, you should contact the cities directly.

Please contact the BOE's Local Revenue and Allocation Unit at 1-916-324-3000 if you have any question regarding this information.

*Example:* You register your car at your home in Fresno County. You live near, but not in, the City of Reedley, which has a special tax district. Homes in the City of Reedley have the same zip code you do. If the use tax rate charged by the DMV includes the Reedley district tax, you are not liable for that district tax.

If the DMV charges you a district tax that you are not liable for, as described above, you have two options.

You can:

- Pay the correct tax at a BOE field office and obtain a tax clearance before you register your vehicle, or
- Pay the tax requested by the DMV and file a claim for refund for the district tax with the BOE.

Please see publication 117, *Filing a Claim for Refund*, or call our Customer Service Center at 1-800-400-7115 (TTY:711) for assistance.

*If you choose to pay your use tax liability directly to the BOE*

You can write to the BOE's Consumer Use Tax Section or visit a [BOE field office](#) to pay use tax on your vehicle or vessel. For expedited service, we recommend that you visit a *BOE field office* to make your payment or visit our website at [www.boe.ca.gov](http://www.boe.ca.gov) for all other contact information. Additionally, the BOE has two *mobile applications* to make it fast, easy and convenient for tax and fee payers to do their business and pay their use tax on the go. It's convenience at your fingertips.

After you have paid the use tax, the BOE will give you a *BOE-111* or *BOE-111-B* to submit to the DMV when you register your vehicle or vessel. The DMV will not collect use tax since the clearance will indicate that you have already paid your use tax liability.

Whether you write or visit the BOE, you need to provide a completed [BOE-106](#), *Vehicle/Vessel Use Tax Clearance Request*. If you are registering more than one vehicle or vessel, you can attach a list to the form.

Include copies of documentation which should include, but not limited to:

- The certificate of title or current registration if title is not available;
- Your property tax statement or assessment showing the physical address and parcel number; or
- A utility bill showing your name and address.

*If you choose to pay the tax at the DMV and then request a refund*

You may request a refund from the BOE by timely writing a letter or submitting a completed [BOE-101-DMV](#), *Claim for Refund or Credit for Tax Paid to DMV*:

- If you submit a letter to the BOE, please indicate the amount of tax you paid and explain why you are entitled to a refund of the state portion of the total tax paid (currently 5.25 percent).

With your request, include copies of the following documentation:

- The certificate of title or current registration if the title is not available; *and*
- Your property tax statement or assessment showing the physical address and parcel number (if applicable); *and*
- A utility bill showing your name and address.

Submit your letter or form [BOE-101-DMV](#) and supporting documentation to any [BOE field office](#) or the Consumer Use Tax Section at:

Consumer Use Tax Section MIC:37  
State Board of Equalization  
PO Box 942879  
Sacramento, CA 94279-0037

Please see [publication 117](#), *Filing a Claim for Refund*, which includes a [BOE-101-DMV](#), *Claim for Refund or Credit for Tax Paid to DMV*. For assistance, call the BOE's Customer Service Center at 1-800-400-7115 (TTY:711).

Please note:

There are time limitations for filing a claim for refund. In general a claim for refund of use tax you paid on a vehicle or vessel you registered at the DMV must be filed no later than three years from the last day of the month following the close of the reporting period for which the overpayment was made, or six months from the date of overpayment—whichever period expires later. See [publication 17](#), *Appeals Procedures: Sales and Use Taxes and Special Taxes*, for more information.

## APPENDIX 4

### Vehicles and Undocumented Vessels Purchased for Use in Interstate and Foreign Commerce

The following information applies to the purchase and registration of vehicles (including trailers) or undocumented vessels that are intended for use in interstate or foreign commerce. If the property is a vehicle, use tax will not apply if one-half or more of the miles traveled by the vehicle during the six month period immediately following its entry into this state are commercial miles traveled in interstate or foreign commerce. If the property is a vessel, use tax will not apply if one-half or more of the nautical miles, traveled by the vessel during the six-month period immediately following its entry into the state are commercial miles traveled in interstate or foreign commerce.

To support an interstate and foreign commerce exemption, the following documentary evidence must be retained:

1. Verification of delivery outside the State of California;
2. Verification that the first functional use of the vehicle or vessel was outside of California prior to its initial entry into California. "First functional use" of a commercial vehicle or vessel generally occurs when the vehicle or vessel is first used to carry cargo or passengers, or when the vehicle or vessel is dispatched to pick up a specific load of cargo or group of passengers;
3. Documentation that establishes the date the vehicle or vessel initially entered California; and
4. Documentation that validates the location and/or use of the vehicle or vessel from the out-of-state delivery date through the qualifying period; the date the vehicle/vessel initially entered California and for the subsequent six months.

If a vehicle or vessel initially enters California deadheaded (without a load or passengers) and not dispatched to pick up a load of cargo or passengers, the first functional use will be considered to have taken place in California.

*Please note:* Sailing in part on the high seas while traveling to and from California ports does not, by itself, qualify a vessel for the exemption. To be considered as a trip in interstate or foreign commerce, the vessel must actually enter another state or country. The fact that a vessel travels outside of the three mile limit and back into California is not considered to be interstate or foreign commerce.

### Vessels Used to Transport Persons or Property for Hire—Regulation 1594

Use tax also does not apply to undocumented vessels if they are used principally to transport persons or property for hire from this state to another state or foreign country, or vice-versa.

Under certain conditions, barges, tugboats, ferry boats, and water taxis that operate entirely within the state may qualify for the exemption. Their principal use must be:

- Transporting cargo moving in interstate or foreign commerce;
- Towing, or helping to move, vessels used principally to transport passengers or cargoes in interstate or foreign commerce; *or*
- Water-taxis that are engaged in the transportation of harbor pilots to or from vessels for the purpose of navigating or aiding those vessels in the completion or commencement of their voyages to or from points outside of California.

To demonstrate the vessel is used to transport people or property for hire, the vessel must usually generate a certain amount of gross income from this activity during its first 12 months of operation. The annual gross receipts from such transportation services must be greater than 10 percent of the cost of the watercraft to the purchaser or lessor, or \$25,000, whichever is less (all gross receipts from transporting passengers or property for hire may be

included). If gross income from a vessel you own or lease is less than the required amount, the BOE will presume that it is not used to transport people or property for hire, unless you can clearly establish otherwise. Watercraft not used for hired transportation services do not qualify for the interstate and foreign commerce principal use exemption.

#### How to file a request for a use tax clearance (BOE-111 or BOE-111-B)

To file a request for a use tax clearance, submit a [BOE-106](#), *Vehicle/Vessel Use Tax Clearance Request*, to the BOE. If you are registering more than one vehicle or vessel please attach a list to the form. The following documentation should be submitted with your request:

- A copy of the certificate of title or certificate of origin
- A copy of the purchase agreement or bill of sale
- Documents confirming delivery outside of California
- Documents confirming the first functional use outside of California, for example, bill of lading or passenger manifest
- Driver's/vessel logs (from the purchase date through the present-day)
- Receipts for fuel (from the purchase date through the present-day)
- Bills of lading, delivery invoices, passenger lists or manifests (from the purchase date through the present-day)

If you are issued a BOE-111 or BOE-111-B, *Certificate of Use Tax Clearance*, by the BOE you must take it to the DMV to complete your registration of the vehicle or vessel with them.

The BOE will contact you at the end of the qualifying period to obtain additional documentation to support and verify the use of the vehicle or vessel for interstate or foreign commerce. Additional documentation should include:

- Driver's/vessel log books
- Bills of lading or invoices
- Receipts for fuel
- Any other similar documents showing the origin and destination of each load or passenger trip during the first six months following entry into California

If the use of the property does not qualify for the exemption, the BOE will advise you of your use tax liability.

**VEHICLE/VESSEL USE TAX CLEARANCE REQUEST**

NAME OF CLAIMANT	TELEPHONE NO.	EMAIL ADDRESS
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ADDRESS (street, city, state, zip code)

NAME OF SELLER OR TRANSFEROR	TELEPHONE NO.	EMAIL ADDRESS
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ADDRESS (street, city, state, zip code)

MAKE OF: <input type="checkbox"/> Vehicle <input type="checkbox"/> Vessel	YEAR
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DATE YOU APPLIED FOR CALIFORNIA REGISTRATION	LICENSE NO.(s)/CF NO.(s)/DECAL NO.(s)	VIN/HIN NO.(s)/SERIAL NO.(s)	PURCHASE OR TRANSFER DATE
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LOCATION OF PURCHASE/TRANSFER	DATE VEHICLE/VESSEL ENTERED CALIFORNIA	DATE YOU BECAME RESIDENT OF CALIFORNIA	DATE EMPLOYED IN CALIFORNIA
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WAS VEHICLE/VESSEL PREVIOUSLY REGISTERED TO YOU OUTSIDE THE STATE OF CALIFORNIA? IF YES, WHERE?

<b>FOR MOBILEHOMES ONLY:</b>	MODEL	YEAR	MOBILEHOME MANUFACTURER	PURCHASE PRICE	SIZE
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I hereby request a Certificate of Use Tax Clearance to allow completion of registration at DMV/HCD without payment of the California use tax for the following reason:

*I hereby certify that the above statements, to the best of my knowledge and belief, are true and correct.*

SIGNATURE OF CLAIMANT	DATE
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Please refer to California State Board of Equalization (BOE) [publication 52](#), Vehicles and Vessels, How to Request a Use Tax Clearance for DMV Registration, available at [www.boe.ca.gov](http://www.boe.ca.gov), for information on the required documentation to submit with this request. Take or mail all required forms to a local [BOE field office](#) (check the BOE website, or call 1-800-400-7115 to locate an office nearest you).

**FOR BOE USE ONLY**

BRIEF STATEMENT OF FACTS

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EVIDENCE PRESENTED *(attach copies)*

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CONCLUSION

- Taxable**
  - Tax paid to an out-of-state dealer.
  - Return and payment received. Include BOE-111 press number on return.
  - Tax to be paid at DMV/HCD.
  - Requesting payment plan. Copy of packet to Consumer Use Tax Section. Include BOE-111 press number on payment plan request.

**Exempt** (Based on review of supporting documentation)

**Clearance Issued** (For registration only)

*\*If the test period has already expired, a decision of taxable, exempt or denied/withdrawn must be made.*

**Required For Test Period Not Yet Expired:**

- Copy of purchase agreement
- Out of state delivery statement
- BOE-111-AT letter provided to taxpayer
- Complete copy of BOE-106 packet to HQ – CUTS
- Additional supporting documentation (optional)

**Denied/Withdrawn** (Additional documentation required, all documents returned to taxpayer.)

PREPARED BY	DISTRICT/UNIT	DATE
APPROVED BY	DATE	

**CERTIFICATE OF USE TAX CLEARANCE ISSUED:**

- Form BOE-111, *Vehicle/Mobilehome/Commercial Coach*
- Form BOE-111-B, *Vessel*

PRESS NO.	SIGNED BY
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## FOR MORE INFORMATION

For additional information or assistance with how the Sales and Use Tax Law applies to your business operations, please take advantage of the resources listed below.

### CUSTOMER SERVICE CENTER

1-800-400-7115

TTY:711

Customer service representatives are available weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays. In addition to English, assistance is available in other languages.

### FIELD OFFICES

City	Area Code	Number
Bakersfield	1-661	395-2880
Culver City	1-310	342-1000
El Centro	1-760	352-3431
Fairfield	1-707	427-4800
Fresno	1-559	440-5330
Glendale	1-818	543-4900
Irvine	1-949	440-3473
Norwalk	1-562	466-1694
Oakland	1-510	622-4100
Rancho Cucamonga	1-909	257-2900
Rancho Mirage	1-760	770-4828
Redding	1-530	224-4729
Riverside	1-951	680-6400
Sacramento	1-916	227-6700
Salinas	1-831	443-3003
San Diego	1-858	385-4700
San Francisco	1-415	356-6600
San Jose	1-408	277-1231
Santa Clarita	1-661	222-6000
Santa Rosa	1-707	576-2100
Ventura	1-805	677-2700
West Covina	1-626	480-7200

### Out-of-State Field Offices

Chicago, IL	1-312	201-5300
Houston, TX	1-713	739-3900
New York, NY	1-212	697-4680
Sacramento, CA	1-916	227-6600

### INTERNET

[www.boe.ca.gov](http://www.boe.ca.gov)

You can log onto our website for additional information—such as laws, regulations, forms, publications, and policy manuals—that will help you understand how the law applies to your business.

You can also verify seller's permit numbers on the BOE website (look for "[Verify a Permit/License](#)") or call our toll-free automated verification service at 1-888-225-5263.

Multilingual versions of publications are available on our [website](#) at [www.boe.ca.gov](http://www.boe.ca.gov).

Another good resource—especially for starting businesses—is the California Tax Service Center at [www.taxes.ca.gov](http://www.taxes.ca.gov).

### FAXBACK SERVICE

Our faxback service, which allows you to order selected publications, forms, and regulations, is available 24 hours a day. Call 1-800-400-7115 and choose the fax option. We'll fax your selection to you within 24 hours.

### TAX INFORMATION BULLETIN

The quarterly Tax Information Bulletin (TIB) includes articles on the application of law to specific types of transactions, announcements about new and revised publications, and other articles of interest. You can find current and archived TIBs on our website at [www.boe.ca.gov/news/tibcont.htm](http://www.boe.ca.gov/news/tibcont.htm). Sign up for our BOE updates email list and receive notification when the latest issue of the TIB has been posted to our website.

### FREE CLASSES AND SEMINARS

Most of our statewide field offices offer free basic sales and use tax classes with some classes offered in other languages. Check the Sales and Use Tax Section on our website at [www.boe.ca.gov](http://www.boe.ca.gov) for a [listing of classes and locations](#). You can also call your local field office for class information. We also offer [online seminars](#) including the Basic Sales and Use Tax tutorial and how to file your tax return that you can access on our website at any time. Some online seminars are also offered in other languages.

### WRITTEN TAX ADVICE

For your protection, it is best to get tax advice in writing. You may be relieved of tax, penalty, or interest charges that are due on a transaction if we determine that we gave you incorrect written advice regarding the transaction and that you reasonably relied on that advice in failing to pay the proper amount of tax. For this relief to apply, a request for advice must be in writing, identify the taxpayer to whom the advice applies, and fully describe the facts and circumstances of the transaction.

Please visit our website at: [www.boe.ca.gov/info/email.html](http://www.boe.ca.gov/info/email.html) to email your request. You may also send your request in a letter to: Audit and Information Section, MIC:44, State Board of Equalization, P.O. Box 942879, Sacramento, CA 94279-0044.

### TAXPAYERS' RIGHTS ADVOCATE

If you would like to know more about your rights as a taxpayer or if you have not been able to resolve a problem through normal channels (for example, by speaking to a supervisor), please see *Understanding Your Rights as a California Taxpayer*, [publication 70](#), or contact the [Taxpayers' Rights Advocate Office](#) for help at 1-916-324-2798 (or toll-free, 1-888-324-2798). Their fax number is 1-916-323-3319.

If you prefer, you can write to: Taxpayers' Rights Advocate, MIC:70; State Board of Equalization; P.O. Box 942879; Sacramento, CA 94279-0070.

## REGULATIONS, FORMS, AND PUBLICATIONS

### *Lists vary by publication*

Selected [regulations](#), [forms](#), and [publications](#) that may interest you are listed below. A complete listing of sales and use tax regulations, forms, and publications appears on the BOE website. Multilingual versions of our publications and other multilingual outreach materials are also available [www.boe.ca.gov/languages/menu.htm](http://www.boe.ca.gov/languages/menu.htm).

### REGULATIONS

1593, *Aircraft and Aircraft Parts*

1594, *Watercraft*

1595, *Occasional Sales—Sale of a Business—Business Reorganization*

1610, *Vehicles, Vessels, and Aircraft*

1616, *Federal Areas*

1620, *Interstate and Foreign Commerce*

### PUBLICATIONS

17, *Appeals Procedures: Sales and Use Taxes and Special Taxes*

40, *Watercraft Industry*

61, *Sales and Use Taxes: Exemptions and Exclusions*

66, *Agricultural Industry*

79, *Documented Vessels and California Tax*

105, *District Taxes and Delivered Sales*

110, *California Use Tax Basics*

117, *Filing a Claim for Refund*

123, *California Businesses: How to Identify California Use Tax Due*

146, *Sales to American Indians and Sales in Indian Country*

### FORMS

BOE-101, *Claim for Refund or Credit*

BOE-101-DMV, *Claim for Refund or Credit for Tax Paid to DMV*

BOE-106, *Vehicle/Vessel use Tax Clearance Request*

Para más información visite nuestro sitio en el Internet  
獲取進一步訊息線上訪問  
자세한 정보가 필요하면 인터넷으로 접속하십시오  
**Để biết thêm chi tiết vào mạng**

