

Out-of-State Sellers: Do You Need to Register with California?

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OUT-OF-STATE SELLERS: DO YOU NEED TO REGISTER WITH CALIFORNIA?

Do I need to collect California sales and use tax when my business is located outside the state?

You may. Retailers based outside California are required to pay California sales or use tax on sales of merchandise to California customers if they are “engaged in business” in the state and must register to pay sales and/or use tax.

Am I engaged in business in California?

You are engaged in business in California if situation 1, 2, or 3 applies to your operations.

1. Business location in California

You have a permanent or temporary office, distribution center, sales or sample room, warehouse, or other physical place of business in California.

2. Representative in California

Your business does not have a physical location in California, but you have a representative in the state who makes sales, takes orders, installs merchandise, trains customers, or makes deliveries.

3. Leases of property in California

You receive rental payments from the lease of tangible personal property that is located in California.

If situation 4 or 5 applies to your operations, you generally are not required to register to pay California sales or use tax.

4. Trade shows

You are physically present in California only

- To engage in convention and trade show activities for not more than 15 days during any 12 month period, and
- During the prior calendar year, you did not earn more than \$100,000 of net income from those activities in this state.

However, if you sell any merchandise at a trade show, or take orders for merchandise delivered later to California customers, you must collect and remit use tax on those sales even though you’re not required to hold an ongoing permit. For more information, contact our Taxpayer Information Section at 800-400-7115.

5. Shipping by Common Carrier

Your only connection with California is to ship products to customers by U.S. Mail or other common carrier.

Please note: This publication describes in general terms the registration requirements for out-of-state retailers. It should not be considered a comprehensive guide. If your circumstances differ from those described in this publication, please contact our Taxpayer Information Section at 800-400-7115.

EXAMPLES OF SITUATIONS THAT REQUIRE CALIFORNIA SALES OR USE TAX REGISTRATION

Stocks of merchandise

If you make sales both in and outside of California, at least one permit must be held when you maintain stocks of merchandise in this state. You are also required to hold permits for warehouses or other places in California where merchandise is stored or delivered from, or from which sales are fulfilled in this state. This is true even if the merchandise is used to fulfill your sales made outside California.

Note: You are not required to hold a seller’s permit if all of your sales are made exclusively in interstate or foreign commerce.

Sales representatives

You have a representative who operates under your authority to sell or take orders in California for any goods or merchandise. (See [California Revenue and Taxation Code section 6203\(c\)\(2\)](#).)

Example: Your company does not have inventory in California or employees who sell in this state. Instead, you use an independent representative who sells your product along with many others. The representative works on a commission-only basis.

Installations

You provide installation in California using your own employees or contractors. (See [California Revenue and Taxation Code section 6203\(c\)\(2\)](#).)

Example: You maintain a single facility in Arizona where you design and sell computer systems. All of your sales are made by mail order or over the Internet. On request, you will send employees to California to install the equipment for your customer.

Training

You provide training services in California related to a specific sale of goods or merchandise.

Example: Your Virginia-based business does not have sales representatives or inventory in California. However, one of your customer service representatives routinely comes to California to provide training on the computer software you sell on CD-ROM.

Leasing

You receive payments from the lease of equipment or merchandise located in California and you have not already paid California sales or use tax on the purchase of that equipment or merchandise.

Example: Your Nevada car dealership leases cars to California residents who drive them in this state. You have no other business connection to California.

Which application do I use?

If you are a wholesaler or retailer with inventory in California—including businesses that need a permit because of trade show or temporary event sales—such as:

- Corporations
- Individuals
- LLCs
- LLPs
- Partnerships
- Husband/Wife Co-ownership
- Organizations

You'll need to complete and submit a [BOE-400-SPA](#), *California Seller's Permit Application*.

For people or businesses with no California address who collect California use tax on sales shipped into California, submit a [BOE-400-CSC](#), *California Certificate of Registration - Use Tax Application*.

All applications are available at www.boe.ca.gov or from our [Taxpayer Information Section](#).

FOR MORE INFORMATION

Contact us

Visit our website at:

www.boe.ca.gov

Taxpayer Information Section: 800-400-7115

TTY: 711

To speak to a representative: Call between 8:00 a.m. and 5:00 p.m. (Pacific time), Monday-Friday, except state holidays.

Taxpayers' Rights Advocate

Call toll-free for help with problems you have not been able to resolve through normal channels: 888-324-2798.

Board Member contact information: www.boe.ca.gov/members/board.htm.

BOE publications

More information regarding California sales and use tax is available in our publications and regulations. A complete listing is found in [publication 73](#), *Your California Seller's Permit*. BOE publications and regulations are available at www.boe.ca.gov. You may also obtain any of them from our Taxpayer Information Section at 800-400-7115.

Publications that may interest you include:

- 17 *Appeals Procedures Sales and Use Taxes and Special Taxes*
- 51 *Board of Equalization Resource Guide to Free Tax Products and Services for Small Business*
- 70 *Understanding Your Rights as a California Taxpayer*
- 71 *California City and County Sales and Use Tax Rates*
- 73 *Your California Seller's Permit*
- 75 *Interest and Penalties*
- 76 *Audits*
- 100 *Shipping and Delivery Charges*
- 101 *Sales Delivered Outside California*
- 102 *Sales to the United States Government*
- 103 *Sales for Resale*
- 105 *District Taxes and Delivered Sales*
- 108 *Labor Charges*
- 109 *Internet Sales*
- 110 *California Use Tax Basics*
- 116 *Sales and Use Tax Records*
- 117 *Filing a Claim for Refund*

There is also a series of publications designed for specific industries.

Court decisions

To look up court decisions on nexus (engaged in business) issues, see: <http://findlaw.com/casecode/index.html>.

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

