

## **817.0000 PLACE OF DELIVERY OF CERTAIN VEHICLES, AIRCRAFT AND UNDOCUMENTED VESSELS—Regulation 1823.5**

**817.0235 District Use Tax—Automobile.** A person purchased a vehicle in a county outside of a transit district. He garages the vehicle inside the district but generally uses public transportation within the district. He maintains that the vehicle is used principally outside the district. The storage within the district is a “use.” Accordingly the principal “use” of the vehicle was within the district and the district tax applies. 4/27/82.

**817.0260 Documented and Undocumented Vessels.** An undocumented vessel is defined in the Vehicle Code section 9840 as “any vessel which is not required to have and does not have a valid marine document issued by the Bureau of Customs of the United States or any federal agency successor thereto.” The rules regarding the application of district tax set forth in Regulation 1823.5 were intended to be applied only to undocumented vessels. Sales of documented vessels are evaluated for district tax consequences just as are the sales of any other item of tangible personal property. Therefore, if a documented vessel is sold in a district, and the seller ships or delivers it out of that district pursuant to the contract of sale, the transactions tax of the seller’s district does not apply to the sale. If the buyer resides in a district, the use tax of that district does apply, and the seller must collect it if engaged in business in the buyer’s district. 6/22/94.

**817.2000 Registration of Undocumented Vessels.** The application of tax to the sale of undocumented vessels by a retailer who is located in Sacramento County is as follows:

(1) The Department of Motor Vehicles application for registration requests two addresses: (a) the address of the registered owner, and (b) the address where the vessel is kept (moored). In determining the tax rate, the following applies:

If the undocumented vessel is delivered to the purchaser at the retailer’s place of business and the vessel is registered to a Sacramento County address but will be moored at an out-of-county marina, the Sacramento County’s district transaction tax will apply to the sale of the vessel. This is because the vessel was not delivered to a location outside of the district nor delivered in the district to a purchaser whose registration address was outside the district. It would not matter that the vessel was immediately removed to the out-of-county marina.

If the purchaser’s registration address is outside of any district and the place where the vessel will be moored is also outside of any district, the delivery of the vessel to the purchaser in Sacramento County will be exempt from the district tax, but only if the retailer obtains from the purchaser the Regulation 1823.5 declaration certifying these facts.

If the vessel is delivered to the purchaser at an out-of-district marina where the vessel will be moored, the district tax will not apply regardless of the purchaser’s registration address. If the purchaser’s registration address is in the district, i.e., Sacramento County, but the vessel is not used in the district, the purchaser is not liable for the district use tax and the retailer is not required to collect the tax.

(2) With respect to the application of the district tax towards accessories sold with the vessel such as electronic equipment (attached), depth sounder (removable), anchors, first aid kits, life jackets, mooring lines, etc., the following applies:

Items that are physically installed on a vessel are considered to be part of the vessel itself, and district tax applies according to the rules for sales of undocumented vessels set out above. However, a removable depth sounder and other items not physically attached to the vessel when used is not considered part of the vessel itself, but rather is additional tangible personal property sold to the customer. Therefore, district tax applies regardless of where the vessel is registered, unless the item is delivered to the purchaser at an out-of-district location.

(3) With respect to documented vessels, the following applies:

There are no special rules regarding sales and deliveries of documented vessels as there are for undocumented vessels (Regulation 1823.5). Therefore, the standard rules which relate to the sales of tangible personal property apply. That is, if the retailer delivers the vessel outside of the district for use by a purchaser outside the district, the district tax will not apply to the sale. On the other hand, if the vessel is delivered outside of the district to a purchaser who resides in the district, there is a presumption that the property is purchased for use within the district and the retailer is obligated to collect the district use tax, unless the retailer in good faith accepts from the purchaser a statement in writing that the vessel was purchased for use at designated point(s) outside the district. 6/16/89.