STATE OF CALIFORNIA

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November 6, 2013

VIA INTERNET

Dear Interested Party:

The Compliance Policy and Procedures Manual (CPPM) is a guide for the Board of Equalization (BOE) staff in administering tax and fee programs. It is available to the public and can be accessed from the BOE web page at http://www.boe.ca.gov/sutax/staxmanuals.htm.

The Sales and Use Tax Department (SUTD) is proposing to revise CPPM Chapter 2, *Registration*, as listed on the attached summary. The revisions incorporate and update current compliance policies and procedures. Additional sections of this chapter are being revised for clarity and language consistency. The revision material is provided on the following pages for the convenience of interested parties who may wish to submit comments or suggestions. Please feel free to publish this information on your website or otherwise distribute it to your association/members.

If you have any comments or suggestions related to the proposed CPPM revision, you may contact the BOE at CPPM.RevisionSuggestions@boe.ca.gov. Your comments or suggestions must be received by BOE no later than **January 6, 2014,** in order to be considered by staff. Thank you for your consideration.

Sincerely,

Susanne Buehler

Susanne Buehler, Chief
Tax Policy Division
Sales and Use Tax Department

Summary of Sections with Substantive Changes

Section	Subject
203.000 – 203.140	New sections added for electronic registration procedures.
203.200	Updated Safe At Home Program policy to include electronic registration procedures.
203.220 – 203.230	New sections added to incorporate In-State and Out-of-State Voluntary Disclosure Program policies.
203.240 -203.260	New sections added to incorporate electronic registration policies for Property and Special Taxes Department.
205.020	Updated for policy on verifying identification and social security numbers at registration.
205.023	New section added to incorporate policy on registration of celebrity and high profile accounts.
205.030 – 205.035	Deleted sections referring to "express" or "mail-in" registration processes, as superseded by electronic registration.
205.060	Updated for policy on registering "Qualified Purchasers" under Revenue & Taxation Code 6225.
210.030	Updated policy to incorporate Revised Uniform Partnership Act (RUPA) of 1994.
220.000 – 225.010	Deleted sections referring to "express" or "mail-in" registration processes, as superseded by electronic registration.
230.020	Updated for policy to use North American Industrial Classification System (NAICS) for coding businesses.
230.056	Added section to incorporate policy on registering Limited Liability Partnership (LLP) accounts.
230.057	Updated policy regarding registering Unincorporated Business Organization (UBO) accounts.
255.045	Updated policy regarding permit requirements for temporary sublocations.
255.070	New section added to incorporate policy on Certificate of Registration – Lender accounts.
265.053	New section added to incorporate policy on registration of vehicle dealer accounts.
265.060	New section added to incorporate policy on registration of winegrowers.
275.035	Updated policy regarding manually issuing sellers permits when there is website and registration system failure.

275.060	Updated policy regarding verification of taxpayer identity.
295.005	Added new section to include policy for providing assistance for hearing impaired taxpayers.
295.010	Updated policy regarding the National Voter Registration Act (NVRA).
295.095	Updated policy regarding consumer use tax accounts.

REGISTRATION 200.000

GENERAL STATEMENT ON REGISTRATION 200.0~~0~~10

Tax and feepayers ("taxpayers") register online for most tax and fee programs on the Board of Equalization (BOE) website (www.boe.ca.gov), through an electronic registration system. In some instances, staff may need to manually register taxpayers, which is discussed in CPPM section 205.000. Additionally, each field office has a "Field Office Training Manual for New Tax Technicians," which provides additional reference material on the registration process.

REGISTRATION DEFINED 200.0~~1~~20

~~For purposes of this manual, r~~Registration is defined as those functions related to the on~~-~~line input of data ~~from an application form and related documents~~ which result in the establishment of a new Client/Taxpayer Identification Number (TIN) and/or taxable activity account under any Taxable Activity Type (TAT) administered by the ~~Board of Equalization~~BOE. TAT is the business activity that requires a client to be registered with the BOE~~oard~~. This chapter provides policy and procedures for ~~taxable activity~~ registration of tax and fee programs~~ policy and procedures for sales and use tax permits~~.

"Registration" does not include:

- Reinstatements after revocation
- Reinstatements after close-out
- Changes of address
- Conversion of an account from one ~~Taxable Activity Type~~TAT to another
- Miscellaneous changes to an existing account record.

These functions are covered in depth in Chapter ~~III~~3, Account Maintenance.

~~**CLIENT TAXPAYER SYSTEM (CTS) 200.030**~~
~~**Client Taxpayer System Overview**~~
~~The Client Taxpayer System is an integrated database. Its purpose is to provide the capability of identifying all related accounts for a given client/taxpayer. This system, in connection with the other subsystems, provides the Board of Equalization with a relational database.~~

> ~~**CAUTION:** To maintain the integrity of this database, the users must exercise additional care. **It is imperative that each client/taxpayer identified in this system is issued only one Client/Taxpayer Identification Number (TIN).** Through this TIN, the relationship of the client to any other client number or taxable activity can be established.~~

CLIENT DEFINED 200.030

A client is any person who can be uniquely identified and for whom the ~~(~~BOE~~)~~ needs to keep information, such as name and address, for the collection and administration of taxes. The BOE may use this information ~~in order~~ to send correspondence, tax returns, notices, and billings.

A client will be identified by a code, as follows:

CODE	TYPE DESCRIPTION	CODE	TYPE DESCRIPTION
B	Unincorporated Business Org	**M**	Husband & Wife Co-ownership
C	Corporation	**N**	Registered Domestic Partners
~~**D**~~	~~Doing Business As (DBA)~~ **E** Estate	**O**	Organization or Association
F	Federal Government	**P**	Partnership or Co-ownership
G	Other Government (State/City/County)	**R**	Receivership/Fiduciary
~~**H**~~	~~Historical Name~~ **I** Individual	**T**	Trust
~~**J**~~	~~Jurisdiction (City/county) for allocation~~	**V**	Joint Venture
K	Limited Liability Partnership	**Z**	Limited Liability Company
L	Limited Partnership		

TAXPAYER DEFINED 200.040

A taxpayer is a client who applies for a permit or is required to be registered for one or more taxable activity types administered by the BOE. A taxing jurisdiction or governmental agency may also be a taxpayer if they meet these requirements.

~~Registering a Client/Taxpayer~~

~~The registration of a taxpayer for a taxable activity is a two step process.~~

1. ~~• The Client Taxpayer System database must be searched to determine if the taxpayer has an established TIN. If none is located, the taxpayer must first be registered as a client/taxpayer. Refer to the "*Client Taxpayer System (CTS) User's Guide*" for detailed instructions.~~

   ~~• The second step is the registration of the taxable activity. For on-line registration instructions for a taxable activity, refer to the "Taxable Activity Registration" chapters of the CTS User's Guide.~~

~~Taxable Activity Registration policies and procedures for sales and use tax accounts, other than on-line instructions, are found in the succeeding sections of this chapter of the CPPM.~~

ELECTRONIC REGISTRATION 203.000

Taxpayers register electronically by accessing the BOE website. During this process, taxpayers answer questions regarding their business activities and the system identifies all of the permits, licenses, and/or accounts they must obtain. This allows taxpayers to enter their information one time to register for most programs the BOE administers.

The following can be done through electronic registration:

- Register for permits and licenses[1]
- Add a new business location to an existing account
- Register for an International Fuel Tax Agreement (IFTA) account
- Register for a Timber Yield Tax account
- Apply for and purchase a California Fuel Trip permit
- Apply for and purchase Annual Flat Rate Decals for private passenger vehicles
- Pay use tax on one-time purchases
- Pay use tax on vehicles, vessels, aircraft, and manufactured or mobile homes
- Access the forms to claim an exemption or request a tax clearance for vehicles, vessels, aircraft and manufactured or mobile homes
- Register to pay taxes on cigarette or tobacco products purchased from out-of-state retailers

For many tax and fee programs, an account is immediately issued after the taxpayer submits all required information and the taxpayer's identity can be validated. The electronic registration system automatically saves the application each time the taxpayer navigates to the next screen in the application. However, taxpayers must use the "Save" button periodically or the system will "time out" and all the information on the page will be lost. When taxpayers use the "Save" button they can begin the application, save it, and complete it later. Applications are retained for 30 days from the date they were last updated or saved. After the 30 days, incomplete applications are purged and cannot be retrieved, and the taxpayer will need to start the process over.

Once an account is issued, the taxpayer can view and print the permit or license, as well as any applicable publications or regulations. These documents will remain available to taxpayers indefinitely on the registration system so they can be viewed or printed at any time. Once an application is submitted, no changes can be made to the information. This is intentional as the application must remain exactly as it was when it was submitted.

CLIENT REGISTRATION 203.010

Taxpayers are required to register as "clients" prior to beginning an application. To register as a client, the taxpayer must create a user ID and password, and must provide an email address. Registering as a client allows the taxpayer to apply for permits and licenses, file returns, make payments, and add new business locations to an existing account. After registration as a client, a taxpayer can also manage multiple accounts.

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[1] For existing accounts that must register for the Lumber Fee, taxpayers must contact either the BOE Customer Service Center or their local office. For newly registered accounts, registration for the Lumber Fee is included when registering for a Seller's Permit.

STAFF ACCESS TO ELECTRONIC REGISTRATION 203.020

Staff with access to the Integrated Revenue Information System (IRIS) has the ability to log into the electronic registration system to locate, view, and print submitted applications. For information security purposes, staff must never login at a kiosk or computer accessible by the public.

Logging into the registration system is done on the BOE website via the Client Log In screen. Staff can reference the Online Services page on eBOE for instructions. Most staff only has "view" access, which allows them to view applications previously started or completed. Registration staff has additional access needed to accommodate application processing. Staff's access to the registration system is maintained by the department's or division's User Security Personnel, but registration staff should see their supervisor if they do not have access.

REGISTRATION IDENTIFICATION 203.030

When a taxpayer starts the application process, the system automatically assigns a registration ID number for control and tracking purposes. The assigned number is used for locating applications not yet submitted or when an account number has not yet been assigned. Registration ID numbers will also be used by IRIS when assignments, payments or other transactions are created prior to an account number being issued.

ENTITY VALIDATION 203.040

When a taxpayer submits an application, the system will attempt to validate the taxpayer's identity by comparing the information provided to existing IRIS client data, Department of Motor Vehicles (DMV) data, Secretary of State (SOS) data, or other external data.

If the taxpayer enters a California Driver's License or ID number that the system is unable to validate, it will prompt the taxpayer to correct the information. The taxpayer has three opportunities to correct the information before the system will lock him/her out of the application. The taxpayer then has 30 days from the date the application was last updated to contact BOE to resolve the validation issue. After 30 days, the application will be purged from the system.

If the identification type is not one that can be validated by the system, such as an out-of-state driver's license or passport, an assignment is automatically created for staff to validate the taxpayer's identity. In addition, the following entity types will require manual validation:

- Corporations or Limited Liability Companies not registered with California SOS
- Limited Liability Partnerships
- Limited Partnerships
- Joint Ventures
- Organizations or Associations
- Estates or Trusts
- Receiverships or Fiduciaries
- Unincorporated Business Organizations
- Federal, State or Local Governments

The assignment is accessed through Assignment Control (ASC) in IRIS using the registration ID number. Staff will validate these entities manually by viewing documentation provided by the taxpayer.

ADDITIONAL PROCESSING REQUIRED 203.050

Some tax and fee programs may require additional processing prior to an account being issued. For these programs the application will be placed in "pending" status after it is submitted, regardless if the entity passes validation. If the taxpayer is required to provide documentation, he/she will be notified by the registration system to submit the documentation by mailing or faxing to the appropriate program area within a division of the Property and Special Taxes Department (PSTD). The following tax/fee programs require additional processing:

- Alcoholic Beverage
- Cigarette and Tobacco Products
- IFTA
- Motor Vehicle Fuel, Jet Fuel, Diesel Fuel
- Underground Storage Tank
- Use Fuel Flat Rate Decals
- Hazardous Waste Generator

APPLICATION STATUS 203.060

The following table provides a description of terms used by the registration system to describe the status of an application.

Status	Description
Complete	The application was processed and is completed. No further action is required. No modifications to the application can be made.
Discontinued	The application was discontinued based on a review performed by staff or by request of the taxpayer.
Incomplete	An application was started but has not been completed or submitted.
Locked	The application was submitted and failed validation. The taxpayer is unable to modify the application while in this status.
In Process	The application was submitted but processing has not been completed due to an application-level or registration-level processing error, or other system error. The application in this status is also locked.
Pending Staff Review	The application was submitted by the taxpayer and requires review by staff.
Pending Verification	The application was submitted and requires manual entity validation to be performed by staff. Manual validation is necessary when the system is unable to validate an entity.
Pending Payment	The payment related to the application was not submitted at the time of registration.

Registration staff has the ability to take certain actions on applications. Essentially there are two primary actions, Discontinue and Release. The Registration Staff Action Reason Table

(RSACT) provides several variations of the two primary actions. Staff can access the table by using the ERG MT jump code in IRIS and selecting RSACT table.

REGISTRATION ASSIGNMENTS 203.070

Assignments are accessed through Assignment Control (ASC) in IRIS using the registration ID number or account number. Assignments are created when an application does not pass established edits, when the tax or fee program rules require additional processing, or when some action is required after an account has been issued. **Exhibit A** at the end of this chapter provides a summary of each assignment, identifies the potential recipients of each, and provides general information as to how each assignment is resolved.

To locate registration assignments, staff will access the ASC RG screen in IRIS. This screen allows assignments to be located using the registration ID number. Since most assignments require tasks to be completed outside of the registration system, staff will have to indicate when the assignment has been completed manually by entering "Y" in the Completed (Cmp) field and selecting the F5 key to update.

In some cases, the registration process cannot be completed until staff completes the assignment. When this occurs, a REGHLD assignment is created in ASC in addition to the assignment(s) that identify the specific issues affecting an application. When a REGHLD assignment exists for an application, the assignment(s) that are preventing registration from completing are priority assignments and must be completed by staff no later than eight (8) business days following the date the assignment was created. The REGHLD assignment will complete automatically in ASC once the application is released by staff in the registration system.

Several assignments can be created for a single application. Each assignment is routed to the appropriate department, section, or unit for processing by staff. For example, applications for a seller's permit where the entity could not be validated by the registration system are assigned to the appropriate field office staff.

In instances where an application results in multiple accounts administered by both SUTD and PSTD, and manual validation of the entity is required, PSTD receives the validation assignment as well as any other assignments specific to their programs. All other assignments relating to the SUTD account will be the responsibility of the appropriate SUTD section or office.

IN-PERSON REGISTRATION 203.080

Field offices and the Motor Carrier Offices have self-service computers ("kiosks") located in the lobby. In offices without an automated self-check-in kiosk, taxpayers will check in with the receptionist. All SUTD field offices will continue using the visitor's log.

Taxpayers should be directed to a kiosk to self-register, after being advised of information needed to complete the registration process (e.g. email address, personal reference, supplier and bank information). At least one staff person must be available at all times to assist taxpayers as needed.

The kiosks are connected to a printer which will allow taxpayers to print the permit or license. However, the printers are located in field office work areas because printouts may contain confidential information. Taxpayers should be advised where to get their printed permit (e.g. receptionist or other counter staff) after they have completed registration. A permit should only

be provided to the owner or authorized user associated with the account, who must show identification before it can be furnished to the taxpayer or authorized user. If the person requesting the permit is not the owner but an authorized user (e.g. bookkeeper or employee), it can only be provided if the person has a signed power of attorney or other written authorization signed by the business owner.

Taxpayers should be encouraged **not** to print the entire registration package including publications and regulations since those items are available indefinitely and can be printed from a home computer. It is the taxpayer's responsibility to log off the registration system, however staff monitoring kiosks should routinely view kiosks and log out for taxpayers who forgot to do so themselves.

ONE-ON-ONE ASSISTANCE 203.090

Some taxpayers may require extensive assistance to register. In those cases, the taxpayer should be directed to a specified computer within the office so registration staff can provide one-on-one assistance. The one-on-one assistance area should be set up in such a manner that allows taxpayers to input registration information themselves while staff assists them and can view their information on a separate computer monitor. For information security purposes, the computer used for this purpose must be in "kiosk mode" to prevent taxpayers from having access to BOE systems and/or data. In addition, taxpayers requiring one-on-one assistance must be tracked using the visitor log.

FULL SERVICE ASSISTANCE 203.100

Some taxpayers may be unable to use electronic registration, for example due to a physical limitation, and need assistance inputting their data into the registration system. Similar to one-on-one assistance, taxpayers will be directed to the specified computer. Registration staff will then log on to the electronic registration system themselves and assist the taxpayer with the entire registration process. Comments must be entered in IRIS giving a brief explanation regarding the reason for full service assistance. Taxpayers requiring full service assistance must also be tracked using the visitor log.

TAX CLEARANCES FOR VEHICLES AND VESSELS 203.110

Although there are options for requesting a tax clearance (BOE-111) or requesting a refund of tax previously paid under the electronic services page on the website, those options point the taxpayers to existing paper forms, specifically BOE-106, *Vehicle/Vessel Use Tax Clearance Request*, and BOE-101, *Claim for refund or Credit.* Taxpayers that need to request an exemption or refund should not be directed to a registration kiosk and should, instead, be provided with the necessary forms and publications.

PAYMENTS REQUIRED AS PART OF APPLICATION PROCESS 203.120

Some tax and fee programs (e.g. Fuel Trip Permit, Annual Flat Rate Decal, IFTA, and Cigarette License) require a payment to be submitted as part of the application process. The two payment options offered are electronic debit from a bank account (ACH Debit) or credit card. The following procedures should be followed in instances where a taxpayer wishes to pay using another method (e.g. cash, check, or money order):

1. The taxpayer will begin the application and save it online when they reach the payment screen. The taxpayer should note the registration ID and the total amount

due, and log out of the registration system

2. Registration staff will assist the taxpayer by logging into the registration system, navigating to the payment screen, selecting "Paid in Person" in the "Payment Override Release Reason Field," and submitting the application.
3. The system will process the application as usual. Once an account is established, staff will input a comment in IRIS explaining why the payment override release was utilized.
4. Staff will provide the account number to the taxpayer and the taxpayer will be directed to the field office cashier to make the required payment.
5. If taxpayers require a hard copy of the permit or license, they can either print it from their home, at the kiosk, or staff can print it for them.

TAXPAYERS WITHOUT EMAIL ACCOUNTS AND/OR INTERNET ACCESS 203.130

Taxpayers must have an email account to register electronically. This allows them to receive emails informing them of status changes to their application. Taxpayers should be informed of the reason why an email address is required, and should be directed to establish one prior to beginning the registration process. However, Internet access from BOE kiosks is limited to the websites of BOE and the Official Payments Corporation (the company that processes credit card payments). Therefore, taxpayers will not be able to establish an email account from the BOE kiosk and must use a non-BOE computer.

Taxpayers applying in person who wish to register prior to establishing an email address should be allowed to do so. When the taxpayer navigates to pages that require an email address, staff should inform the taxpayer to use the following address: **eReg@boe.ca.gov**. This email address was established solely for the purpose of allowing taxpayers applying in person to proceed with the registration process without an email address. BOE staff will not monitor the contents of the email box, and the contents will automatically be purged on a periodic basis.

Taxpayers using the BOE email address should be informed that electronic filing is mandatory for many of BOE's tax programs. Without an email address on record, the taxpayer will not receive email reminders regarding tax return filing due dates. Consequently, taxpayers should be encouraged to establish an email address, and then to update their account online with their email address. Taxpayers can do this by accessing the BOE website and logging into "Online Services" using their login ID and password.

Taxpayers not able to abide by the electronic filing mandate should be advised to request an exemption by submitting BOE-245-OYE, *eFiling Exemption Request*, to the Return Analysis Unit (RAU).

Taxpayers without Internet access should be advised to visit a field office to register, or to utilize another location where Internet access is available (e.g. public library). If neither of these options is possible, staff needs to be flexible in determining the best alternative.

PROCEDURE WHEN ELECTRONIC REGISTRATION IS UNAVAILABLE 203.140

If the electronic registration system is unavailable due to technical issues and/or unforeseen circumstances, taxpayers should be provided with an estimated time when the system will be available, if this is known. Taxpayers attempting to register in person during a time when the registration system is unavailable should be encouraged to apply online at a later time when it does become available.

If the taxpayer is unable to wait until the registration system is available, registration will be processed in one of two ways, both of which require the taxpayer to complete a paper application. If IRIS is available, staff will issue the permit manually, using established procedures covered in CPPM section 205.000. If IRIS is unavailable, staff will follow the procedures in CPPM section 275.035.

SAFE AT HOME CONFIDENTIAL ADDRESS PROGRAM 203.200

Government Code section 6205 addresses confidentiality for victims of domestic violence. This law establishes the Safe at Home Confidential Address Program under which an adult person, or guardian on behalf of a minor or an incapacitated person, may state that he or she is a victim of domestic violence, and fears for his or her safety. The individual designates the SOS as the agent for service of process and receipt of mail. When the SOS certifies the person as a program participant, his or her residential, school, or work address becomes confidential.

The participant will be given an identification card. The front of the card states that the individual has been certified to participate in the Safe at Home Confidential Address Program and provides the person's date of birth, authorization ID number, and an expiration date of the card. The back of the card provides a mailing address which, in conjunction with the person's authorization ID number, may be used to send mail to the participant via the SOS. The card also includes a fictitious street address that may not be used for mailing correspondence.

Electronic Registration Procedure:

- Taxpayers that participate in the Safe at Home Program must contact the BOE's Disclosure Officer prior to using electronic registration. The taxpayer should either call the Disclosure Officer at 1-916-324-2598 or email them at disclosure.office@boe.ca.gov.

- The Disclosure Office staff will confirm that the taxpayer is a Safe at Home participant. Confirmation will generally require the taxpayer to mail or fax a copy of their Safe at Home Program card.

- The taxpayer will be instructed to register online. Prior to submitting their application, the taxpayer should telephone the Disclosure Office and inform them they are submitting their application.

- The taxpayer will inform the Disclosure Office of the account number that was issued.

- The Disclosure Office staff will contact the appropriate department's registration specialist and request the account be flagged as a Safe at Home Program participant.

Procedure When Paper Application Received in District Offices:

- All applications for permits or registration for tax or fee programs administered by the BOE submitted by persons presenting the identification card will be forwarded in an envelope marked "Confidential" to the Legal Department, attention: Disclosure

Officer. A copy of the identification card should be forwarded with the application. The field office will not issue a permit.

- A review of the application should be completed before forwarding the application to the Legal Department. Staff should not request to see the person's driver's license.

- The taxpayer should be advised that the BOE's headquarters office in Sacramento issues permits in such cases and it will be approximately 5–7 business days before a permit can be issued.

Disclosure Office

The law allows an agency that has administrative or statutory justification for requesting the confidential address of a Safe at Home Program participant to submit its request to the SOS. Upon receiving a completed application or registration form, the Disclosure Officer will request the confidential address of the taxpayer or feepayer from the SOS. When the confidential address is received from SOS, it will be maintained in a secure area in the Disclosure Office. This confidential address will not be disclosed to the public.

- After the Disclosure Officer has filed the exemption request with SOS, the registration application will be forwarded to designated staff in headquarters who will register or update the account.
- If there is a legitimate work-related need, such as an audit or collection of a delinquent tax or fee liability, the District Administrator, District Principal Auditor, or District Principal Compliance Supervisor may contact the BOE's Disclosure Officer in the Legal Department to obtain the confidential address of those registered through the Safe at Home Confidential Address Program. The Disclosure Officer will advise the requester on how to maintain confidentiality of the address.

Registration/Update Procedures

- Applications will be processed according to established procedures.

- Sales and use tax permit applications will be processed using a statewide tax area code (59999) for local tax purposes and assigned the district office code KH. If the account is expected to report more than $600.00 in local sales tax per year, the BOE's Local Revenue and Allocation Section with the assistance of the Disclosure Officer will be responsible for properly allocating the local tax. If the account is selected for audit or becomes a collection case, the account will be manually assigned.

- The account will receive a "Safe at Home Program" flag

- In the event the Safe at Home Program participant is disqualified from the program, the account will be corrected to reflect the true address information of the taxpayer. The account's registration record will retain the "confidential" flag to ensure the individual's safety.

- ***Should the actual physical address of a Safe at Home Program participant be***

discovered by any means, the address is not to be placed in the file, in paper notes, or electronic notes. This information should not be provided to any federal, state, county or local government representative.

Confidential information is protected by law, regulation, and policy. Information security is strictly enforced. If you violate the rules you may be subject to disciplinary, civil, and/or criminal action. Protecting confidential information is in the public's interest, the state's interest, and your own personal interest.

IN-STATE VOLUNTARY DISCLOSURE PROGRAM 203.220

The In-State Voluntary Disclosure Program allows qualified purchasers within California, who are not otherwise required to hold a seller's permit, to report and pay their use tax liability subject to a three-year statute of limitations.

To qualify for the Disclosure Program, participants must meet all of the following conditions:

- They reside or are located within California, and have not previously registered with the BOE,
- They have not previously filed an Individual Use Tax Return with BOE,
- They have not reported an amount for use tax on their Individual Income Tax Return with Franchise Tax Board,
- They are not engaged in business in California as a retailer, as defined in Revenue and Taxation Code (RTC) section 6015,
- They have not been contacted by the BOE for failure to report the use tax imposed by RTC section 6202,
- Their failure to pay the tax or file a return was due to reasonable cause and not as a result of negligence or intentional disregard of the law,
- Their purchase is not of a vehicle, vessel, or aircraft, and
- They voluntarily come forward to the BOE.

Account and Application Review

Applicants under this program must first register for a Consumer Use Tax account using the electronic registration system (see CPPM section 203.000). Applicants are then required to complete and submit a BOE-38-I, *Application for In-State Voluntary Disclosure,* within 30 days from registration. Application forms should be submitted to the applicant's nearest BOE office.

District office staff will review the newly registered account in IRIS and the BOE-38-I, *Application for In-State Voluntary Disclosure*, for completeness, and ensure that the qualifying conditions listed above are met. Staff should search IRIS to determine whether applicants have previously registered with BOE, or have had previous arbitrary account numbers issued to report their use tax. In addition, staff may request individual California income tax returns from applicants to verify whether or not applicants have reported an amount for use tax. Filing an amount of zero does not disqualify applicants.

SUTD conducts several ongoing programs designed to increase sales and use tax compliance,

such as the Statewide Compliance and Outreach Program (SCOP). As such, verification that applicants have not been previously contacted by the BOE for failure to report use tax is necessary. The contact information for these programs is maintained in separate databases which are not accessible by district staff. Therefore, as part of the applicant verification process, staff must provide the name, address and any other contact information regarding the applicant to the Audit Program Analysis Section (APAS) via email at voluntary.disclosure@boe.ca.gov. APAS staff will notify district staff of the outcome of the database search via email. APAS staff will also assist with any questions regarding whether the applicant meets all of the conditions for participation in the program.

Individual Use Tax Returns versus Consumer Use Tax Section Billings

When a taxpayer registers for a Consumer Use Tax account (SU) and files an Individual Use Tax Return, these are affirmative and voluntary actions that disqualify the taxpayer from the In-State Voluntary Disclosure Program. This is in contrast to Consumer Use Tax Section (CUTS) billings for use tax on vehicles, vessels and aircraft transactions. A CUTS billing is not in itself enough to disqualify the taxpayer from consideration under the In-State Voluntary Disclosure Program, notwithstanding all of the conditions under RTC section 6487.06. Therefore, applications for the In-State Voluntary Disclosure Program will be considered for inclusion in the program when the applicant has previously received a billing generated by CUTS in response to investigations of purchases of vehicles, vessels and aircraft. In addition, current electronic registration will not disqualify the taxpayer from consideration under the In-State Voluntary Disclosure Program, since it is not possible to submit the application for voluntary disclosure simultaneously with electronic registration, as long as the application for voluntary disclosure is submitted within 30 days of electronic registration.

Procedure When Applicant Does Not Qualify

If the applicant does not qualify for the program for any reason other than the database search by APAS, district office staff must forward the application and any information regarding the applicant's disqualification to the Supervisor of APAS for review. The APAS supervisor or designee will review the information and then notify the district office as to whether the applicant should be denied participation in the program.

The applicant must be notified in writing by sending BOE-457-I-E, *VDP Application Response Letter- In-State.* Comments must be entered in IRIS stating why applicant does not qualify.

Procedure When Applicant Accepted

Once it is determined the applicant qualifies and the application is accepted, staff must verify the account is a Consumer Use Tax Account (SU) and add Account Characteristic Code (ACC) 23 in the registration system. ACC 17 is used to track out-of-state voluntary disclosure and should **not** be used for this program.

Generally staff should presume applicants will have a continuing obligation and leave their accounts open. Applicants who have closed their business or moved out of California may have their accounts closed. The start date should be changed to reflect a three-year statute of limitations. Comments must be entered in IRIS stating the applicant qualified for the In-State Voluntary Disclosure Program, and BOE-457-I-E, *VDP Application Response Letter- In-State,* must be mailed to notify the applicant that the application was approved.

Applications Received with Payment

Application forms (BOE-38-I) received with payment by the Cashier Unit or district office cashier should be processed as follows. If the account is already in IRIS, process the payment

accordingly. If the account is not in IRIS, an arbitrary account number should be assigned and the payment processed accordingly. The BOE-38-I should then be forwarded to the appropriate district office for processing.

Requests for Relief from Penalty

The BOE-38-I, A*pplication for In-State Voluntary Disclosure,* includes a section where the applicant can request relief from penalty. The BOE-38-I will be processed as a request for relief from penalty under RTC 6592, and a copy of the form along with a cover memo stating the account qualifies for relief under the In-State Voluntary Disclosure Program should be forwarded to the RAU for processing. A copy of the BOE-38-I should be forwarded to Taxpayer Records Unit (TRU) and a copy should be retained by the district. A comment will be made in IRIS and in ACMS (if applicable) indicating the district staff forwarded the BOE-38-I to RAU to process the penalty relief.

In the event the taxpayer enters into and then defaults on a payment agreement, relief from penalties will not be granted. If any other collection actions are necessary to secure payment of the use tax, relief from penalties will not be granted. In these situations, comments should be made in IRIS and in the Automated Compliance Management System (ACMS), and the applicant must be notified in writing that the request for relief from penalties has been denied.

Relief from interest cannot be granted under the In-State Voluntary Disclosure Program.

OUT-OF-STATE VOLUNTARY DISCLOSURE PROGRAM 203.230

The Out-of-State Voluntary Disclosure Program is available to out-of-state businesses for the purpose of reporting use tax on sales to consumers in California. Out-of-State businesses "engaged in business" in California are obligated to collect and report the tax on sales to their California customers. The Voluntary Disclosure Program allows those businesses to register voluntarily, and in doing so the BOE can only make an assessment for underreported taxes for the prior three years instead of eight. It also allows the BOE to waive late penalties. Another incentive to apply for the program is that applicants can anonymously request and obtain a written opinion as to whether they qualify for the program.

To qualify for the program, all of the following conditions must be met:

- The business must be located outside California and cannot have been previously registered with BOE,
- The business must be engaged in business in California as defined by RTC 6203,
- The business must register voluntarily with the BOE,
- The business has not been previously contacted by BOE or its agents regarding its activities in California, and
- The failure to pay the tax or file a return was due to reasonable cause and not as a result of negligence or intentional disregard.

Registration and Application

To apply for consideration under the Out-of-State Voluntary Disclosure Program, taxpayers must register online using electronic registration. Applicants are then required to complete and submit BOE-38, *Application for Out-of-State Voluntary Disclosure,* within 30 days from registration. Application forms should be submitted to:

State Board of Equalization
Out-of-State District Office

3321 Power Inn Road, Suite 130
Sacramento, CA 95818-8268

Applicants will be notified in writing using a BOE-457-O-E, *VDP Application Response Letter – Out of State,* whether their application is approved or not. Additional information regarding the program is available on the BOE website.

PROPERTY AND SPECIAL TAXES DEPARTMENT (PSTD) – REGISTRATION AND LICENSING SECTION 203.240

Electronic registration is not available for programs administered jointly with another agency, or for involuntary tax programs. Registration for these programs is handled by another process in IRIS or manually by staff. The following **tax and fee programs are not eligible for electronic registration:**

TAT	DESCRIPTION
BF	Marine Invasive Species Fee
CA	Childhood Lead Poisoning Prevention Architectural Coatings
CL	Childhood Lead Poisoning Prevention Motor Vehicle Fuel Distributors
CO	Childhood Lead Poisoning Prevention Air Emitters
CE	Cigarette Tax Exempt
CF	Cigarette Seizure
CG	Cigarette and Tobacco Products Transporter
CH	Cigarette Hauler
DE	Unlicensed Motor Carriers
DF	Diesel Farmers
DH	Diesel Highway Vehicle Operators
DR	Diesel-Dyed Fuel Assessment
FF	Fire Prevention Fee
HA	Hazardous Waste Activity Fee
HAF	Hazardous Waste Activity Fee – Federal
HD	Hazardous Waste Disposal Fee
HF	Hazardous Waste Facility Fee
HFF	Hazardous Waste Facility Fee – Federal
HFU	Transportable Treatment Unit Fee
HGF	Hazardous Waste Generator Fee – Federal
IB	Insurance Tax – Surplus Line Broker
IT	Insurance Tax
PE	Petroleum Out of State Purchaser
PM	Petroleum Industrial User
WD	Integrated Waste Management Fee
WR	Water Rights

MOTOR CARRIER OFFICE – SPECIAL TAXES AUDIT AND CARRIER DIVISION 203.250

Programs that require the issuance of decals need some manual processing. Once the application is processed and issued through electronic registration, Motor Carrier staff will mail the decals and permit to the taxpayer. This is accomplished using the existing batch process.

STATE-ASSESSED PROPERTY DIVISION – TIMBER TAX SECTION 203.260

When a timber tax application is submitted through electronic registration, an email identifying the applicant's registration ID is automatically sent to the "Timber Yield Tax E-Reg" mailbox. Staff can access the application by logging into the registration system using the Client Log In on the BOE website. For log in instructions, see the Online Services page on eBOE. Staff will review the application and determine if an account is required. If necessary, staff will contact taxpayers for additional information needed to complete the registration. Registration is completed by inputting the application information into the existing system(s) utilized for timber tax accounts. If an account is not required, staff will contact the taxpayers to inform them.

~~APPLICATIONS FOR PERMIT OR LICENSE 205.000~~

MANUAL REGISTRATION 205.000

~~**PURPOSE OF APPLICATIONS 205.010**~~

~~Application forms for business taxes permits are designed to obtain necessary information to establish an account, and to record information that may be used later for efficient enforcement of the laws, rules, and regulations pertaining to a particular applicant.~~

WHEN TO USE MANUAL REGISTRATION PROCEDURES 205.010

Taxpayers are required to register for permits, licenses and other accounts using the electronic registration system on the BOE website. This section is included for those circumstances when electronic registration is unavailable for an extended period of time, or if the occasion arises in which a taxpayer is not able to wait for the system to become available. This section is also a point of reference as to the registration information available in BOE's Integrated Revenue Information System (IRIS).

CLIENT TAXPAYER SYSTEM ~~(CTS)~~ 205.015~~200.030~~

~~**Client Taxpayer System Overview**~~

The Client Taxpayer System (CTS) is an integrated database. Its purpose is to provide the capability of identifying all related accounts for a given client/taxpayer. This system, in connection with the other subsystems, provides the ~~Board of Equalization~~BOE with a relational database.

> ~~**CAUTION:** To maintain the integrity of this database, the users must exercise additional care.~~ **It is imperative that each client/taxpayer identified in this system is issued only one Client/Taxpayer Identification Number (TIN).** Through this TIN, the relationship of the client to any other client number or taxable activity can be established.

~~REGISTERING A CLIENT/TAXPAYER~~REGISTRATION 205.017

The registration of a taxpayer for a taxable activity is a two-~~-~~step process.

- Step One: Client Registration – Each entity is registered with information specific to that client (CTS)

~~The Client Taxpayer System database must be searched to determine if the taxpayer has an established TIN. If none is located, the taxpayer must first be registered as a client/taxpayer. Refer to the "*Client Taxpayer System (CTS) User's Guide*" for detailed instructions.~~

- Step Two: Taxable Activity Registration – Each client will then be attached to a taxable activity (TAR)~~The second step is the registration of the taxable activity. For on-line registration instructions for a taxable activity, refer to the "Taxable Activity Registration" chapters of the CTS User's Guide.~~

For manual registration instructions, refer to the instructions found on eBOE under "IRIS Cheat Sheets for Sales & Use Tax & Special Taxes" under the Technology Services tab. A paper copy of the instructions may be printed for the occasion when eBOE is unavailable. ~~Taxable Activity~~ Registration policies and procedures for sales and use tax accounts~~, other than on-line instructions,~~ are found in the succeeding sections of this chapter of the CPPM.

APPLICATIONS FOR PERMIT OR LICENSE~~— WHO MUST FILE~~ 205.020

When the electronic registration system is unavailable, or for tax programs that do not allow for electronic registration, taxpayers must complete an application form to provide the necessary information so they can be registered with BOE for the appropriate permit(s) or license(s). Application forms for business taxes permits are designed to obtain necessary information to establish an account, and to record information that may be used later for efficient enforcement of the laws, rules, and regulations pertaining to a particular applicant. Applications are available **only** on eBOE and are **only** to be used when the taxpayer is unable to register online.

The tax laws administered by the BOE~~, with the exception of the Alcoholic Beverage Tax Law,~~ require applications for permits or licenses to be filed with the BOE. ~~Under the Alcoholic Beverage Tax Law,~~In some circumstances, BOE works closely with other agencies. For example, when a company applies to the Department of Alcoholic Beverage Control (ABC) for certain licenses that require registration under Alcoholic Beverage Tax Law, ABC notifies the Property and Special Taxes Division (PSTD). PSTD then sends a letter informing the taxpayer that he or she must electronically register for a permit. When registration is completed with BOE, PSTD contacts ABC and provides a verbal release to issue the license.~~interstate transporters are required to make application to the BOE; for all others, issuance of a license by the Department of Alcoholic Beverage Control (ABC) constitutes registration. ABC furnishes a copy of the license to the BOE's Special Taxes Department.~~

Verifying Client's Identity

The BOE requires taxpayers to provide proof of identity when applying for many of the programs it administers. Acceptable forms of picture identification include, but are not limited to, the applicant's driver license, state-issued identification card, passport, or a Consular Matricular Card. An expired license or state-issued identification card can be accepted if a search of the DMV system through the External Agency Tracking (EAT) system is made to confirm that the license or state-issued identification card was once valid.

Applicants, with the exception of corporate officers and LLC managers/members, are also required to provide their Social Security Number (SSN) during the registration process. In some instances, the applicant may not have a SSN but an Individual Taxpayer Identification Number (ITIN)[2] issued by the Internal Revenue Service (IRS). The BOE will accept this form of identification in lieu of a SSN.

Because SSN and DL/ID numbers are unique to an individual, they should only be attached to one taxpayer/client in CTS. For additional information regarding the verification process, see CPPM 275.060.

REGISTERING CELEBRITY AND HIGH PROFILE ACCOUNTS 205.023

Most clients, including celebrities, will register electronically. However, staff may encounter an

[2] On July 1, 1996, IRS began issuing the Individual Taxpayer Identification Number (ITIN) to individuals who are required to have a U.S. taxpayer identification number but do not have and are not eligible to obtain a Social Security Number (SSN). The ITIN is a nine-digit number that always begins with the number "9" and has a seven (7) or eight (8) in the fourth digit, for example 9XX-7X-XXXX. ITINs are issued regardless of immigration status because both resident and non-resident aliens may have U.S. tax return and payment responsibilities under the Internal Revenue Code.

application or registration assignment subject to celebrity status. To protect the confidentiality of celebrities and other high-profile individuals, the following procedures have been established when registering a celebrity account. If staff receives an application or a registration assignment that may be subject to celebrity status, they should consult with their supervisor to determine if the account will be handled as such. The district office administrator or headquarters section supervisor (or their designee) will have ultimate responsibility in determining whether the account qualifies for celebrity status.

When creating a celebrity status Client TIN in IRIS, the procedures are as follows:

- Search for an existing TIN for the celebrity. If there is an existing TIN, it will be used to register the account.
- If there is no existing TIN for the celebrity, create one using his or her full name.
- DO NOT enter the celebrity's identification numbers (e.g. SSN or CDL).
- DO NOT enter the celebrity's actual home address, but instead enter "Confidential Address" on the street address field, and enter the actual city, state and zip code provided on the application. No phone number should be entered unless it is for an accountant, bookkeeper, or other agent.
- Enter comment in IRIS, "Confidential Address Program. Contact Compliance Policy Unit Registration Specialist for additional information."

When using an existing Client TIN:

- If a street address is known to be their residence, delete the street address field and enter "Confidential Address." The city, state, and zip code provided on the application should be entered.
- If the celebrity's identification numbers (e.g. SSN or CDL) are displayed, and/or a phone number other than accountant, bookkeeper or other agent, delete them.
- Enter the comment in IRIS, "Confidential Address Program. Contact Compliance Policy Unit Registration Specialist for additional information."
- Identify any SUTD accounts associated with this TIN. A memo will be sent to the supervisor of the Taxpayer Records Unit with a copy to the Compliance Policy Unit (CPU) Registration Specialist, advising them that the identified account(s) (excluding Special Taxes and Fees programs) qualifies for celebrity status and the original application(s) must be forwarded to the CPU Registration Specialist in a sealed envelope marked "Confidential."

When creating a celebrity's account in IRIS, follow standard procedures except as directed below:

- If the business address or phone number is the celebrity's home address and phone number, DO NOT use that information for the permit. Instead enter "Confidential Address" in the street address field and the actual city, state, and zip code provided on the application. The tax area code should be determined by using their actual business address. No phone number should be entered unless it is for an accountant, bookkeeper, or other agent.
- Enter the comment in IRIS, "Confidential Address Program. Contact the Compliance Policy Unit Registration Specialist for more information."

- Enter the mailing address as provided on the application regardless if it is the same as the celebrity's home address.

Additional procedures:

- Celebrity applications should NOT be scanned into Disc Image or copied for any reason.
- Send all celebrity applications in a sealed envelope marked "High Profile Accounts – Confidential" to the CPU Registration Specialist. An email will be sent to the sender acknowledging the receipt of the envelope.
- If the celebrity account has collection issues in the future, the district office administrator or headquarters section supervisor (or their designee) will send a memorandum requesting pertinent information from the application to the CPU Registration Specialist. The request will specify what information is required to assist in collection, which will be provided directly to the requesting district administrator/headquarters section supervisor (or their designee).

ISSUING PERMITS BEFORE START OF BUSINESS 205.025

Taxpayers occasionally apply for a permit far in advance of the start of business. The two most common examples are fireworks stands and Christmas tree lots. For these businesses, a seller must often provide a vendor with a resale certificate months prior to the actual date sales begin. "Special events" are another example where the event operator requires signups, scheduling and permit numbers months in advance.

In these and similar situations, BOE~~oard~~ policy is to allow~~issue~~ a permit to be issued up to nine (9) months in advance of sales.

CAUTION!

- If a taxpayer is issued a temporary account (~~Taxable Activity Type~~TAT~~:~~ SR, ~~Account Characteristic Code~~ACC~~:~~ ~~0~~1), information contained on the application must be accurate, since there are limited changes that can be made via the ~~online~~ registration system.
- If the account is not temporary, any account maintenance performed must show an effective date on or after the start date.

~~**APPLICATIONS BY MAIL — EXPRESS REGISTRATION 205.030**~~

~~Applications can be requested in person, by mail, telephone, automated faxback, or downloaded from the BOE website (www.boe.ca.gov). These options have been designed to improve service to our clients and reduce walk-in traffic in field offices. When a taxpayer requests a registration application, the persons responsible for processing the request, should obtain as much information as possible so they can send the required registration application packet.~~

~~Applications mailed to taxpayers that have not been returned after a reasonable period of time may be followed up by letters, or phone calls.~~

~~*If proper registration is still not obtained follow-up for compliance.*~~

~~**APPLICATIONS SUBJECT TO CALIFORNIA CONFIDENTIAL ADDRESS PROGRAM205.035**~~

~~Government Code section 6205 addresses confidentiality for victims of domestic violence. The~~

~~law, effective July 1, 1999, will remain in effect until January 1, 2005, and then is repealed unless extended by statute.~~

~~This law establishes the California Confidential Address Program (Cal-CAP) under which an adult person, or guardian on behalf of a minor or an incapacitated person, may state that he or she is a victim of domestic violence, and fears for his or her safety. The individual designates the Secretary of State (SOS) as the agent for service of process and receipt of mail. When the SOS certifies the person as a program participant, his or her residential, school, or work address becomes confidential.~~

~~The participant will be given an identification card. The front of the card states that the individual has been certified to participate in the Confidential Address Program and provides the person's date of birth, authorization ID number, and an expiration date of the card. The back of the card provides the following mailing address: P.O. Box 846, Sacramento, CA 95812-0846 which, in conjunction with the person's authorization ID number, may be used to send mail to the participant via the SOS. The card also includes a fictitious street address that may not be used for mailing correspondence.~~

~~Sales and Use Tax Applications — District Offices and CATS~~

- ~~All applications for sales and use tax permits submitted by persons presenting the identification card will be forwarded in an envelope marked "Confidential" to the Internal Security and Audit Division (ISAD), attention: Disclosure Officer. A copy of the identification card should be forwarded with the application. The field office will not issue a permit.~~
- ~~A review of the application should be completed before forwarding the application to ISAD. Staff should not request to see the person's driver's license.~~
- ~~The taxpayer should be advised that the BOE's headquarters office in Sacramento issues permits in such cases and it will be approximately 5–7 business days before a permit can be issued.~~

~~Special Taxes and Property Taxes Applications~~

- ~~All applications for permits or registration under other tax or fee programs administered by the BOE submitted by persons presenting an identification card shall be forwarded in an envelope marked "Confidential" to ISAD, attention: Disclosure Officer. Telephone registration will not be accepted under this program.~~
- ~~The taxpayer or feepayer should be advised that the application will be processed through the BOE's Disclosure Officer and it will be approximately 5–7 business days before the registration will be completed.~~

~~Internal Security and Audit Division~~

~~The law allows an agency that has administrative or statutory justification for requesting the confidential address of a Cal-CAP participant to submit its request to the SOS. Upon receiving a completed application or registration form, the Disclosure Officer will request the confidential address of the taxpayer or feepayer from the SOS. When the confidential address is received from SOS, it will be maintained in a secure area in ISAD. This confidential address will not be disclosed to the public.~~

- ~~After the Disclosure Officer has filed the exemption request with SOS, the registration application will be forwarded to designated staff in headquarters who will register or update the account.~~
- ~~If there is a legitimate work-related need, such as an audit or collection of a delinquent tax or fee liability, the District Administrator, District Principal Auditor, or District~~

~~Principal Compliance Supervisor may contact the BOE's Disclosure Officer in ISAD to obtain the confidential address of those registered through the Cal CAP program. The Disclosure Officer will advise the requester on how to maintain confidentiality of the address.~~

~~**Registration/Update Procedures**~~

- ~~Applications will be processed according to established procedures.~~
- ~~Sales and use tax permit applications will be processed using a statewide tax area code (59999) for local tax purposes and assigned the district office code KH. If the account is expected to report more than $600.00 in local sales tax per year, the BOE's Local Revenue and Allocation Section with the assistance of the Disclosure Officer will be responsible for properly allocating the local tax. If the account is selected for audit or becomes a collection case, the account will be manually assigned.~~
- ~~The account will receive a "SOS Confidential" flag~~
- ~~In the event the Cal CAP participant is disqualified from the program, the account will be corrected to reflect the true address information of the taxpayer. The account's registration record will retain the "confidential" flag to ensure the individual's safety.~~
- ~~***Should the actual physical address of a Cal CAP participant be discovered by any means, the address is not to be placed in the file, in paper notes, or electronic notes. This information should not be provided to any federal, state, county or local government representative.***~~

~~Confidential information is protected by law, regulation, and policy. Information security is strictly enforced. If you violate the rules you may be subject to disciplinary, civil, and/or criminal action. Protecting confidential information is in the public's interest, the state's interest, and your own personal interest.~~

~~INSTRUCTIONS TO~~INFORMATION FOR APPLICANTS ~~205.040~~

Applicants for any permit should be told that personal information they furnish will be kept confidential~~held in confidence~~. Applicants also should be informed of basic law requirements pertaining to their business, including instruction in preparation of returns and filing requirements, due dates, tax rate(s), and district information. Laws affecting transactions in which the taxpayer will be involved should be explained.

Taxpayers should be encouraged to review relevant publications available on the BOE website, which the taxpayers can print at their convenience. However, ~~T~~taxpayers who request the information in paper form from staff should be provided ~~will be given~~ regulations~~,~~ or ~~official~~ publications relevant to ~~his/her~~the taxpayer's type of business operation to aid in ~~that should be helpful in accounting for and~~ reporting the proper tax liability.

All information provided to applicants at the time a permit or certificate of registration is issued must be recorded in comments entered in IRIS. If the IRIS system is unavailable, the information given to the applicant will be entered on the back of the application in the shaded area designated "For Board Use Only." The comment will include Tax Information Package (TIP) 1 or 2 and any other forms, regulations, publications, and returns that were provided to the applicant. Once the system is available, the information will be recorded in comments in IRIS using the designated format described below.

Two Tax Information Packets (TIP 1 and TIP 2) contain the required forms and publications that are provided to all applicants without Internet access when a permit is issued manually.

Tax Information Packet 1 (TIP 1) is used for applicants not requiring a security deposit and contains the following:

- BOE-400-B1, *Welcome Letter,* not requiring a security deposit,
- BOE-173, *Taxpayer's Questionnaire: How Are We Doing?,*
- BOE-367-SUT, *Filing Instructions for Sales and Use Tax Accounts,*
- BOE-442 Series, Permit or Certificate of Registration,
- BOE-800-BKMK, *800 Number Bookmark,*
- Publication 70, *Understanding Your Rights as a California Taxpayer, and*
- Publication 73, *Your California Seller's Permit*

Tax Information Packet 2 (TIP2) is used for applicants requiring a security deposit and contains the following:

- All items listed in TIP 1 with the exception that BOE-400-B1, *Welcome Letter*, is included in place of BOE-400-B2, and
- BOE-598, Notice of Security Requirements.

In addition, the following forms and publications are provided when applicable:

- BOE-6, *National Voter Registration Act Declination Form*
- BOE-162, *Personal Liability for Corporate and Limited Liability Company Sales and Use Taxes.* Mail a separate copy to the corporation or LLC and one to each corporate officer, LLC member or manager. The form will be mailed to the home address of each officer, member or manager.
- BOE-164, *Successor Liability Notice*. Provide to new applicants when a business address search has found a similar business in the same business location.
- BOE-367-EFT, *EFT Filing Instructions for Sales and Use Tax Prepayment Accounts*
- BOE-400-Y, *Important Reminder for Sales and Use Tax Accounts Reporting on a Yearly or Fiscal Yearly Basis*
- BOE-401 Series, *Sales and Use Tax Return(s).* (only provide for those applicants unable to electronically file returns)
- BOE-467, *Notice of Requirements in the Sale of a Business* (where application resulted from purchase of an existing business)
- BOE-663-RI, *Recommended Information*. This form is only used when Business Taxes Code Book section 200.200 lists recommended regulations or publications for the applicant's specific business type and business code.
- BOE-1241-D, *Notice of Prepayment Status*
- Publication-DE-44, *EDD Booklet*
- Publication 71, *California City and County Sales and Use Tax Rates*
- Publication 80, *Electronic Funds Transfer Information Guide*
- Publication 159, *eFile Guide*
- Publications relating to specific Special Taxes and Fee programs (e.g. Publication 91, *California Tire Fee*, Publication 95, *Electronic Waste Recycling Fee*, and/or Publication 78, *Sales of Cigarettes and Tobacco Products in California – License Requirements for Retailers,* when applicant checks the corresponding boxes on the application)

~~The publications listed below may be provided to the taxpayer, as appropriate, at the time of application. The publications that are furnished to the taxpayers should be noted in the shaded~~

~~area of each express registration application. The shaded area of each application follows the Certification Section.~~

- ~~Publication 44, Tax Tips for District Taxes~~
- ~~Publication 51, Guide to Board of Equalization Services~~
- ~~Publication 70, Taxpayer Rights~~
- ~~Publication 71, California City and County Sales and Use Tax Rates~~
- ~~Publication 73, Your California Seller's Permit~~
- ~~Regulation 1654, Barter, Exchange, "Trade-ins" and Foreign Currency Transaction~~
- ~~Regulation 1668, Resale Certificates~~
- ~~Regulation 1700, Reimbursement for Sales Tax~~
- ~~BOE–6, National Voter Registration Act (NVRA) Declination Form~~
- ~~BOE–8, Get It in Writing!~~
- ~~BOE–72, Sales Tax Reimbursement Schedule~~
- ~~BOE–162, Personal Liability for Corporate Sales and Use Tax (for corporate applicants)~~
- ~~BOE–173, Taxpayers Questionnaire~~
- ~~BOE–324–A, Notice to Individuals Regarding Info Furnished to the BOE.~~
- ~~BOE–367, Filing Instructions for Sales and Use Tax Accounts~~
- ~~BOE–400–Y, Important Reminder for Sales and Use Tax Accounts Reporting on a Yearly or Fiscal Yearly Basis~~
- ~~BOE–467, Notice of Requirements in Sale of a Business (where application resulted from purchase of an existing business)~~
- ~~BOE–519, Misuse of Resale Certificates~~
- ~~BOE–598, Notice of Security Requirements; or BOE–1009, Notification of Conditional Security Requirements~~
- ~~BOE–800, Headquarters Voice Telecommunications Service Request (when taxpayer indicates a hearing problem).~~
- ~~Regulations (for specific type of business as shown in Business Taxes Code Book, Section 203.035). A list of publications and regulations that should be given at the end of the registration process can be found using the TAR BT screen.~~

~~BOE representatives interviewing applicants in person for a seller's permit should explain all the furnished material in sufficient detail so they are reasonably certain the taxpayer understands its provisions.~~

For uniformity, when entering comments in IRIS (TAR) under the "Category" field, type or select from the F1 Help menu, "REGIS." In the "Subject" field enter, "Info given to applicant." Under the "Contact Person" field, enter the first and last name of the person who was provided the information. In the body of the comment, enter either "TIP 1" or "TIP 2" and record any other forms, regulations, or publications (including other tax programs) that are given to the applicant at the time the permit or certificate of registration is issued.

DECISION TABLE FOR ISSUING A SALES AND USE TAX PERMIT 205.050

District office staff is responsible for registering the following ~~Taxable Activity Type~~TATs. The decision table can help determine the appropriate sales or use tax ~~Taxable Activity Type~~TAT for the applicant's situation. If the applicant is making a one-time payment of use tax due for the purchase of ~~a~~ vehicles, vessels, or aircraft, refer to CPPM sections 215.010 and 295.095.

CONDITION	A	B	C	D	E
Taxpayer SELLS tangible personal property in California	Y	Y			
Taxpayer is located in California, or has agents or stock of goods in California	Y				
Taxpayer has no in-state location , and has no sales personnel or order takers in-state		Y			
Taxpayer makes no sales, but purchases tangible personal property to be used in California			Y	Y	Y
AND ~~-~~1. taxpayer purchases from unregistered out-of-state sources			Y		
~~OR~~ 2. taxpayer purchases from unregistered out-of-state sources and uses the tangible personal property at multiple locations in Californiaed in a district purchasing from a non-district				Y	

TAXABLE ACTIVITY TYPE	A	B	C	D	E
Issue SELLERS PERMIT (SR, SR X, SR Y, SR S, SR Z, SR (ACC~~T CHAR~~ 001))	X				
Issue CERTIFICATE OF REGISTRATION -USE TAX (SC)		X			
Issue CONSUMER USE TAX PERMIT (SU)			X		
Issue CONSUMER USE TAX PERMIT (SU S)				X	
NO PERMIT REQUIRED					X

TYPES OF APPLICATION FORMS 205.060

- ~~Form~~ BOE–400–SPA, *California Seller's Permit Application for Individuals/Partners/Corporations/Organizations (Regular or Temporary)*, is used to register an applicant who is, or is about to be, engaged in a business in this State involving the sale of tangible personal property. The BOE-400-SPA is used when applying for a regular or a temporary seller's permit.
- ~~Form~~ BOE–400–CSU, *California Consumer Use Tax Account Application*, is used to register persons or businesses that regularly incur use tax liabilities but that are not engaged in a business requiring a seller's permit. (Note: No permit is issued).
- BOE-400-CSC, *California Certificate of Registration- Use Tax Application,* is used to register ~~P~~persons or businesses that do not maintain a place of business within the state but that voluntarily, or as required by law, collect use tax on purchases that are shipped into California for use in this state by California purchasers ~~should register using Form BOE-400-CSC, *California Certificate of Registration – Use Tax Application*~~. For example, businesses with sales personnel in California but without a fixed business address in this state should apply using ~~Form~~ BOE-400-CSC. RTC sections 6203 and 6226 are used to determine whether the applicant meets the criteria that would require that applicant to hold a permit and collect use tax.

Note that the previous three application forms are **only** available on eBOE for use when a taxpayer is unable to register electronically on the BOE website.

Although not included in the decision table above, the following types of applications are also occasionally processed by the district office staff:

1. ~~**Form**~~ **BOE-400-CSL,** ~~is used to obtain a~~ *Certificate of Registration – Lender*, is

used when~~where~~ the applicant wishes to claim a deduction for bad debt losses on account receivables found to be worthless, and if the account receivables were acquired from a retailer that previously paid the sales and/or use tax~~,~~ on the sale of tangible personal property.

A lender may be a person who purchased or holds an account receivable acquired without recourse from a retailer. The retailer must have previously reported California sales or use tax on the sale of tangible personal property for which credit was extended to the buyer. A "lender" does not need to be a person already registered with the BOE~~oard of Equalization~~.

When a retailer purchases an account receivable from another retailer, the purchasing retailer must also register as a "Lender" in order to claim the "Bad Debt-Lender Loss" deduction. In cases where the purchasing retailer already holds a California seller's permit, the Certificate of Registration – Lender is issued using the same account number as the existing seller's permit number. The seller's permit account must be updated to reflect the fact that a Certificate of Registration – Lender was issued.

If the applicant does not hold a California seller's permit, a Certificate of Registration – Lender is issued using a new account number. For additional information regarding Certificate of Registration – Lender, see CPPM 255.070.

2. ~~Form~~ **BOE-400-FEN**, *Application for Fuel Exemption Number*, is used when a common carrier ~~-~~is not required to hold a seller's permit, and its purchases of fuel may qualify for exemption pursuant to RTC section 6357.5 or 6385.

~~2.~~3. ~~Form~~ **BOE-400-DP**, *Application for Use Tax Direct Payment Permit*. Under RTC section 7051.3, the BOE is authorized to issue a *Use Tax Direct Payment Permit* to qualified applicants. This permit allows purchasers and lessees of tangible personal property (other than lessees of motor vehicles the lease of which is subject to the terms of RTC section 7205.1) to report and pay use taxes directly to the BOE instead of to the vendor or lessor from whom the property is purchased or leased. See CPPM 295.060 for additional details.

Use Tax Direct Payment Permit holders will be provided with a ~~Form~~ BOE-46, *Use Tax Direct Payment Exemption Certificate*, which they can issue to retailers and lessors when purchasing tangible personal property subject to **use tax** or making qualified leases of tangible personal property. Vendors who timely take this certificate in good faith from a permit holder are relieved of the duty to collect use taxes on the sales for which the certificate was issued. Permit holders who use the certificate to acquire tangible personal property must report and pay the use tax directly to the BOE on their tax returns. They must also allocate the local use taxes to the county, city, city and county, or redevelopment agency in which the property is first used. Permit holders who fail to properly pay any use tax due on property for which a certificate was issued are subject to interest and penalty assessments in addition to their tax liability.

Persons wishing to obtain a Use Tax Direct Payment Permit must be pre-qualified and hold either ~~hold~~ a California seller's permit or a consumer use tax account. To qualify for a Use Tax Direct Payment Permit, an applicant must meet both of the

following conditions:

a. The applicant must agree to report and pay directly to the BOE any use tax that is due on property for which a Use Tax Direct Payment exemption certificate was issued.
b. The applicant must certify to the BOE either of the following:

   (1) The applicant has purchased or leased **for its own use** tangible personal property **subject to use tax** which cost five hundred thousand dollars ($500,000) or more in the aggregate, during the calendar year immediately preceding the application for the permit; or
   (2) The applicant is a county, city, city and county, or redevelopment agency.

Persons other than governmental entities who currently hold either a California seller's permit or a consumer use tax account must complete the *Use Tax Direct Payment Permit Application*, sign the certification statement attesting that they qualify for a permit under the conditions of Part (b)(1) above, and submit a "Statement of Cash Flows" or other comparable financial statements acceptable to the BOE for the calendar year immediately preceding the date of application. The financial statements must disclose the total purchases of property and equipment for the person's own use. In addition, a separate statement, under company letterhead, certifying that five hundred thousand dollars ($500,000) or more of such purchases were subject to use tax, is required.

Persons other than governmental entities who are not required to hold a seller's permit and who do not currently hold a consumer use tax account must obtain a consumer use tax account and then complete the application for a *Use Tax Direct Payment Permit,* sign the certification statement attesting that they qualify for a permit under the conditions of Part (b)(1) above, and submit a "Statement of Cash Flows" or other comparable financial statements acceptable to the BOE for the calendar year immediately preceding the date of application which discloses total purchases of property and equipment for own use. In addition, a separate statement under company letterhead certifying that five hundred thousand dollars ($500,000) or more of such purchases were subject to use tax, is required.

Governmental entities who currently hold either a California seller's permit or a consumer use tax account must complete the application for a *Use Tax Direct Payment Permit*, sign the certification statement attesting that they qualify for a permit under the conditions of Part (b)(2) above, and submit an additional statement to that effect under official letterhead and signed by an authorized governmental representative.

The completed Application for *Use Tax Direct Payment Permit*, certification statement, and qualifying documentation should be mailed to the Compliance Policy Unit. Upon determination that the applicant qualifies, a *Use Tax Direct Payment Permit* and a Use Tax Direct Payment Exemption Certificate will be mailed to the applicant.

BOE-404-A, *Qualified Purchaser Use Tax Registration*, is used to register "qualified purchasers" (QP). Effective October 23, 2009, RTC section 6225 requires QP to register, report, and pay use tax directly to the BOE under the following criteria:

a. The person receives at least $100,000 in gross receipts from business operations per calendar year.
b. The person is not required to hold a seller's permit or certificate of registration for use tax under RTC section 6226.
c. The person is not a holder of a use tax direct payment permit as described in RTC section 7051.3.
d. The person is not otherwise registered with the BOE to report use tax.

Qualified purchasers are required to file annual use tax returns with a due date of April 15th of the following year.

If a district office receives inquiries regarding registration, staff should direct taxpayers to register electronically via the BOE website. However, if the district receives a BOE-404-A, or a BOE-400-CSU, *California Consumer Use Tax Account Application*, staff should determine whether the applicant qualifies as a QP and search the system to confirm whether the applicant is currently registered with BOE, or was previously registered. If the applicant is already registered with a sales or use tax permit, the applicant is not considered to be a QP under RTC section 6225. If previously registered, staff should determine whether the taxpayer is still required to be registered for some reason other than as a QP. If not, then the account should be established using ACC 34, and lead source code and lead source sub-type ABX. If a NAICS code cannot be determined, a default code of 811999 will be used (see CPPM section 230.020 for information regarding NAICS codes). Applicants who are not QP under RTC section 6225 may still obtain a Consumer Use Tax Account.

TAT "SU" accounts that are established on an annual reporting basis will be established with an April 15th due date. For these types of accounts, interest will begin to accrue on any unpaid tax beginning on April 16th and will calculate through the 15th of each subsequent month thereafter until the tax is paid.

Accounts with an ACC 34 will be allowed to close their account if their gross receipts drop below the $100,000 threshold for two consecutive years. After closing the account, taxpayers should be advised to report future use tax purchases on their business or personal income tax return. If the taxpayer meets the threshold requirements in a future year, they must re-register if they make purchases subject to use tax. Otherwise, staff should not close out the account unless the QP's business operations have ceased, there is a change in ownership, or the QP has obtained a seller's permit. After three consecutive years of filing returns showing zero use tax due, the account will be automatically closed.

Accounts manually registered in the district field office will remain under that district's control. All other accounts with the lead source and sub-type ABX will remain with Use Tax Administration Section (UTAS) for one year, and then transfer to the district of control unless the account incurs an accounts receivable, or the taxpayer is in bankruptcy status.

When a QP purchases items from outside California subject to a special tax and/or fee (for example televisions, computers, tires, cigarettes, etc.), the supervisor or designee should send an email notification to the "PSTD – Referrals from SUTD" mailbox. The PSTD staff will investigate the notification and refer such leads to the

appropriate division for further investigation.

~~BOE–400–MCR, APPLICATION FOR~~
~~CERTIFICATE OF REGISTRATION — USE TAX~~ ~~205.110~~

~~Form BOE–400–MCR is used to register applicants who do not maintain a place of business in this state for which a seller's permit is required, but who (voluntarily or by statute) collect the use tax on sales made to instate purchasers, or for any applicants who maintain canvassers, solicitors, or sales personnel in this state with no fixed place of business. In rare instances, applicants will chose to voluntarily collect the use tax. In these instances the account should be entered with account characteristic code 008.~~

~~This program allows taxpayers to collect district taxes on a voluntary basis. Sellers may not wish to be responsible for collection of district use taxes from purchasers in all jurisdictions.~~

~~California retailers and out-of-state entities that have been issued a certificate to allow collection of district use taxes must complete Schedule A included with Form BOE–401–X (Return).~~

SALES TAX PERMITS 210.000

SELLER'S PERMIT 210.010

Every person desiring to engage in the business of selling tangible personal property, the gross receipts from the ~~ultimate~~ retail sale of which must be included in the measure of sales tax, must ~~file an application~~register with BOE for a seller's permit for each place of business in California. The applicant must furnish such security, as the BOE~~oard~~ deems necessary, in a form acceptable to the BOE~~oard~~. (RTC section 6066).

Persons from out-of-state who maintain a stock of goods in California from which orders are filled are considered "sellers" under the California Sales and Use Tax Law, and are required to hold a seller's permit. In addition, products sold over the internet to California customers may require the seller to hold a seller's permit if certain conditions are met. (~~Revenue and Taxation Code~~RTC section 6203~~006~~, Regulations 1620 and 1699).

A seller's permit shall be issued to any person who requests one for the sale of tangible personal property the gross receipts from the retail sale of which are required to be included in the measure of sales tax. ~~In general, t~~The person requesting the permit must fully complete the information requested for registration. When electronic registration is not available, a BOE-400-SPA, *California Seller's Permit Application for Individuals/Partnerships/Corporations/Organizations,* ~~seller's permit application~~ must be completed~~and provide the information necessary for the Board to administer the state's sales and use tax laws~~.

Under the Sales and Use Tax Law, "person" is defined as any individual, firm, partnership, joint venture, limited liability company, association, social club, fraternal organization, corporation, estate, trust, business trust, receiver, assignee for the benefit of creditors, trustee in bankruptcy, syndicate, the United States, this state, any county, city and county, municipality, district, or other political subdivision of the state, or any other group or combination acting as a unit. A cooperative association that is not incorporated is treated as a partnership with each member fully liable. (~~Revenue and Taxation Code~~RTC section 6005).

Any administrator, executor, trustee or any other person who operates a business as a fiduciary must file an application for a permit or license. These persons, although under the jurisdiction of the courts, must operate according to the laws of the state.

"Living Trust" is a legal entity set up by persons for estate planning purposes. A person may place his/her assets into a living trust, and upon his/her death, assets may be distributed more quickly to heirs, often bypassing probate entirely. A living trust must have a trustee. Living trusts may operate businesses, and should be treated as a corporation when processing applications. Offices should view copies of legal documents establishing a living trust if any doubt exists whether the trust has been properly formed.

Other types of trusts that are about to engage in business should establish to the BOE~~oard~~'s satisfaction that they are legally formed. "Legally formed" would include documentation from the ~~Franchise Tax Board~~FTB, ~~Secretary of State~~SOS, Superior Court, or other authority, or for living trusts, copies of documents establishing the legal trust. If any doubt exists a permit should not be issued until further investigation is made.

PERMIT OF DECEASED TAXPAYER — LIQUIDATION SALE 210.020

A liquidation sale of business assets and inventory belonging to a deceased taxpayer may be conducted with the deceased person's seller's permit. The closeout date of a permit may be extended to the date the last sale was made. If, however, new merchandise is purchased for resale and the business continues to operate, a new permit for the person operating the business is required.

PERMIT OF DECEASED TAXPAYER — PARTNERSHIP 210.030

The Revised Uniform Partnership Act (RUPA) of 1994 provides that a partnership is an entity distinct from its partners. (Corporations Code section 16201.) Under RUPA, each partner has separate legal interests, and the ownership of the partnership assets is in the entity, and not as undivided interests of the partners.

The term, "dissociation" is used to describe any cessation of a person's partnership status, be it voluntary (e.g., retirement) or involuntary (e.g., death or expulsion), rightful or wrongful. A partner's dissociation does not require the partnership to dissolve if the remaining partners want to continue. (See Corporations Code section 16601, et seq., for events causing dissociation, right to dissociate, wrongful dissociation and termination of a partner's rights and duties on dissociation.)

Unless the partnership agreement provides that the death of a partner will constitute dissolution, the partnership will continue to exist, notwithstanding the fact that a partner or partners may be added to, or subtracted from, the partnership. If a partner dies, it is not necessary to issue a new permit, unless the surviving partner desires to operate the business as a sole proprietor. ~~Generally, when a business continues after death of a partner, the new permit will be in the name of the surviving partner(s). The estate of a deceased partner may be shown as a partner on a new permit only when approved by the court.~~

MUNICIPAL IMPROVEMENT~~PURCHASING~~ CORPORATIONS 210.040

Municipal ~~purchasing corporations or municipal i~~Improvement ~~c~~Corporations (MICs) are occasionally encountered. MICs~~They~~ are ~~usually~~generally established ~~set up~~ by local jurisdictions to make purchases of supplies and/or assets for their ~~for a~~ respective local governmental entity or municipality. After purchasing ~~MIC~~ the supplies/assets, the MIC then makes "sales" of these items to the local governmental entity/municipality ~~thus allowing~~in an attempt to direct the local tax revenues ~~to be returned~~ to the governmental entity/municipality in which the MIC is located~~incorporated the purchasing corporation~~.

However, ~~T~~the ~~State Board of Equalization~~BOE determined that sales by MIC~~'~~s to their creating local jurisdiction(s) are not considered sales from one "person" to another ~~made by retailers~~, and therefore MICs~~. Accordingly, MIC's~~ should not hold seller's permits ~~as they are not making sales~~. In these instances, the entity selling the tangible personal property to the MIC is considered the retailer.

USE TAX REGISTRATION 215.000

WHICH TAXABLE ACTIVITY TYPE? 215.010

The BOEoard has six separate and distinct Taxable Activity Types (TAT's) that relate to use tax:

- **SU -** Consumer Use Tax Permits. **Taxable Activity Type SU** (District Rresponsibility)
- **SC -** Certificate of Registration — Use Tax . **Taxable Activity Type SC** (District Rresponsibility)
-
- **SA -** Vehicle and Mobilehome purchases from non-dealers. **Taxable Activity Type SA** ([Consumer Use Tax Section (CUTS) Rresponsibility,) Rrefer to CPPM section 295.095]
- **SB -** Vessel purchases from non-dealers. **Taxable Activity Type SB** (CUTSonsumer Use Tax Section Rresponsibility), Rrefer to CPPM section 295.095)
- **SP -** Aircraft purchases from non-dealers. **Taxable Activity Type SP** (CUTSonsumer Use Tax Section Rresponsibility), Rrefer to CPPM section 295.095)
- **SI -** Purchases from outside the United States, state by California residents hand carried and declared through U. S. Customs. **Taxable Activity Type SI** (CUTSonsumer Use Tax Section Rresponsibility), Rrefer to CPPM section 295.095)
- **SD -** One-Time Financial Obligation – Use Tax. [Use Tax Administration Section (UTAS) Responsibility, refer to CPPM section 295.095]

Taxable Activity Type SU — Consumer Use Tax Permits are issued to purchasers of merchandise, and the purchaser pays any tax due directly to the Board.

Taxable Activity Type SC — Certificate of Registration Use Tax permits are issued to sellers or retailers of merchandise who are generally located out-of-state. Tax on the sale of merchandise to consumers is paid to the Board by the seller or retailer.

CONSUMER USE TAX PERMIT (TAT SU) — WHEN ISSUED 215.020

Persons who regularly incur use tax liability, but who are not engaged in a business which requires them to hold a seller's permit, may have an a use tax account established with the BOEoard and will subsequently be required to fileregularly receive Consumer Use Tax returns.

Typical businesses that may hold Consumer Use Tax permits would include the following:

1. Persons who purchase merchandise for use in California from out-of-state sources. See also CPPM section 205.060. This may include, but is not limited to, the following:
   - Construction contractors
   - Health professionals purchasing supplies from out-of-state
   - Governmental agencies purchasing equipment from out-of-state
2. Persons engaged in business in a district and who purchase from California sources outside of the district.

CONSUMERS LOCATED IN A DISTRICT 215.030

A district is a local jurisdiction that, under enabling statutes, may impose transactions (sales) and use taxes within its borders, commonly referred to as district taxes. Most district taxes are levied on a countywide basis. Persons who reside in a district and who purchase merchandise from vendors located outside the district are liable for the additional tax due representing the difference between the tax charged by the vendor and the tax rate which prevails within the district.

CERTIFICATE OF REGISTRATION, USE TAX (TAT SC) — WHEN ISSUED 215.040

Certificates of Registration — Use Tax permits~~,~~ are issued to out-of-state sellers who are engaged in business in California. In addition, persons may voluntarily register for the purpose of collecting use tax from their California customers, even though they are not engaged in business in California. ~~These sellers do not maintain a regular place of business in California.~~

~~**CERTIFICATE OF REGISTRATION, DISTRICT USE TAX 215.050**~~

~~This section specifically deals with instate retailers, and should not be confused with Section 215.040, which applies to out-of-state retailers.~~

~~In 1988, the Sales and Use Tax Law was amended to require automobile, vessel and aircraft dealers throughout the state to collect district taxes on sales of automobiles, vessels and aircraft made to residents of districts. For this reason, automobile, vessel and aircraft dealers who may previously have held a Certificate of Registration — Use Tax under which special taxing jurisdiction (district) tax was collected, no longer need to hold a certificate.~~

CONSUMER USE TAX ACCOUNTS — LOCAL TAX ALLOCATION 215.060

- ~~Taxable Activity Type~~TAT ~~code~~ SU is used to identify consumer use tax accounts purchasing property ex-tax out-of-state (equipment, building materials, supplies, etc.) for use at the address for which the account is established, or where the local use tax on items used at various locations is less than $600 a year. ~~Taxable Activity Type~~TAT SU is the use tax equivalent to sales ~~Taxable Activity Type~~TAT SR.

- ~~Taxable Activity Type~~TAT ~~code~~ SU S is used to identify consumer use tax accounts where property is purchased ex-tax out-of-state and used at different locations than that for which the account was established and the local tax is in excess of $600 a year. ~~Taxable Activity Type~~TAT SU S is the use tax equivalent to sales ~~Taxable Activity Type~~TAT SR S. There is, however, no use tax account equivalent to a sales tax consolidated account. Separate use tax permits are required for each location.

DISTRICT USE TAXES 215.070

Staff often encounters questions concerning application of district taxes to property which has been purchased from retailers elsewhere in California on which the state and local tax reimbursement has been charged by the seller, but not the district tax.

- When such property is purchased on or after the operative date of a district tax for use in the district, the merchandise is subject to the district tax.
- Unless ~~the~~ a seller is engaged in business in the district and has collected district tax reimbursement or district use tax, the purchaser must report the tax on his/her sales and

use tax return or on a consumer use tax return.

- Persons who do not hold seller's permits but ~~who~~ regularly make purchases from outside a district for use inside a district~~accumulate district use tax liability~~ should obtain a Consumer Use Tax permit and file consumer use tax returns.
- Consumers who occasionally incur district use tax liability should file and pay on their California income tax return, or by sending in a payment, at which time ~~using~~ an arbitrary account number will be issued. ~~(See also Publication Nos. 23 and 44–A for additional details.)~~

The following instructions apply to purchasers of property used or consumed in districts who must remit taxes due:

One Time Transactions

Purchasers owing district use tax on a one-time basis ~~are not registered as consumers.~~should be instructed to register and file electronically on the BOE website. If the taxpayer sends a payment directly to BOE, staff will ~~Instead,~~ issue an arbitrary number with ~~Taxable Activity Type~~TAT SU~~SR~~ (ACC~~T CHAR~~ 999). If the electronic registration system is unavailable, the taxpayer should complete a~~Prepare~~ ~~Form BT–401–E2, Utility Consumer Use Tax Return~~BOE-401-A2, *State, Local, and District Sales and Use Tax Return*, with appropriate due dates, etc., entered on the form. ~~Tax Code SR (ACCT CHAR 999)~~TAT SU plus district/branch identifier and an arbitrary account number issued in IRIS~~by Teale~~ will be entered in the account number space. Advise the purchaser to fill in only spaces on the ~~Form~~ BOE–401–~~E2~~ A2 which pertain to district use tax and total tax due information.

~~*Additional information on issuance of arbitrary numbers may be found in CPPM Subsection 295.090.*~~

See CPPM section 295.090 for additional information on issuance of arbitrary numbers.

Undetermined Duration or Long Term Involvement

Persons planning to regularly ~~accumulate~~ make purchases subject to the district use tax ~~liability~~ should be issued a Consumer Use Tax ~~permit~~account, ~~tax code~~TAT SU. Instruct the taxpayer to fill in only spaces that pertain to district use taxes and total tax due information, using returns regularly sent from headquarters.

CERTIFICATE OF REGISTRATION — REPRESENTATIVES, AGENTS, ETC. 215.080

~~Form~~ BOE–400–~~MCR~~ CSC, *California Certificate of Registration – Use Tax Application* ~~also~~ provides space in which to list the representatives, agents or salesmen operating in California. Additional schedules may be attached if more space is required. If the applicant has a large number of persons operating in this state, it is necessary to show only the principal representatives in California, such as area supervisors or managers.

CERTIFICATE OF REGISTRATION — CALIFORNIA LOCATIONS 215.090

~~Form~~ BOE–400–~~MCR~~ CSC, *California Certificate of Registration – Use Tax Application* provides space to list the locations in California at which a sales office, sample room, warehouse, etc., is maintained by the applicant for a Certificate of Registration — Use Tax. Each such location is to be shown on the form and identified as to the type of activities conducted there. Additional schedules may be attached to the application if more space is required. If the applicant lists a warehouse in California, refer to decision table in CPPM section 205.050 for correct permit issuance.

~~EXPRESS REGISTRATION PROGRAMS 220.000~~

~~WHAT IS "EXPRESS REGISTRATION" 220.005~~

~~"Express Registration" is a refinement of the program originally referred to as "Registration by Mail." The term "Registration by Mail" is too restrictive and implies a program for registering taxpayers only using a mail-in procedure. For this reason, the term Express Registration was suggested to describe new forms and revised registration procedures. When the decision was made to change program names, many of the new forms developed for the Express Registration program were already numbered hence the forms contain an "M" as part of the form number denoting "Mail".~~

~~Express Registration documents (packets) have been developed for individuals/partnerships or organizations/corporations requiring seller's permits; these forms are called BOE-400-MIP (Mail, Individual and Partnership) and BOE-400-MCO (Mail, Corporation and Organizations). Temporary permits use BOE–400–MT (Mail, Temporary). All other programs have single application forms used only for that program; they are certificates of registration and consumer use tax accounts.~~

~~FIELD PROCEDURES 220.010~~

~~Availability to the Public~~

~~Multiple Express Registration packets may be given to persons or firms wishing to provide registration services for their clients.~~

~~Follow-up of Packets Issued~~

~~District controls should be established to ensure packets are returned when a sale of a business has occurred.~~

~~Taxpayers who purchased a business or who are not part time and have not returned a completed packet or otherwise obtained a permit are to be contacted to determine whether or not a permit is necessary, or the cause for delay. Other applicants need not be tracked unless a need arises to track a specific person.~~

~~Packets Received from Taxpayers~~

- ~~Large offices may designate one or two persons responsibility for sending Express Registration packets to taxpayers and processing completed packets received back from taxpayers.~~

- ~~Packets received from taxpayers will be given to the person(s) responsible for processing express registration applications.~~

- ~~Applications will be reviewed for completeness, legibility, and if applicable, proper~~

~~district of control.~~

~~• Packets will be processed in the same office in which received, and will not be forwarded to the office of control prior to issuance of an account number EXCEPT as explained in 1.e following.~~

~~• Area code, business code and reporting basis will be entered below the account number block, and in the shaded area entitled "Board Use Only" applicable forms checked off. The person who performed these functions will enter his/her name in the space provided.~~

~~Processing Applications~~

~~1. Incomplete or illegible applications —~~

~~If a telephone call cannot resolve the problem, use the following procedure:~~

~~a. Prepare a REJECT (BOE-400-RJ) letter noting all the necessary corrections. The incomplete area may also be highlighted on the application if desired.~~

~~b. Mail the REJECT letter and original application back to the taxpayer with a preaddressed return envelope (E-11- series, such as E-11-AR, E-11-BHA, and so forth).~~

~~c. Retain a copy of the REJECT letter and application. Establish a follow-up to ensure the permit is either issued or not required.~~

~~d. If a corrected application is not received by the follow-up date, contact the taxpayer by telephone or issue a Notice to Appear, whichever would most quickly resolve the situation.~~

~~e. If the steps above cannot resolve the problem, the matter should be assigned in accordance with district policy for further investigation.~~

~~2. Complete Applications (Except Temporary)~~

~~a. Register account on-line and issue account number. Consumer Use Tax accounts have no permit form. Furnish a copy of the application to taxpayers only when specifically requested by the taxpayer.~~

~~b. Prepare the appropriate ACCEPT letter (ACC — series of letters) plus any necessary returns and security documents.~~

~~c. Select regulations, publications and forms appropriate for this type of operation and check proper boxes in the shaded area of the "Board Use Only" section. See CPPM section 205.040.~~

~~d. Mail the letter and all necessary documents to the taxpayer.~~

~~3. Temporary Applications ONLY~~

~~a. Register account on-line and issue account number. Make 1 photocopy of each side of the application form when it has been determined that a district office file should be created. Furnish a copy of the application to the taxpayers only when specifically requested by the taxpayer.~~

~~b. Prepare the ACCEPT letter (ACC — series of letters).~~

~~c. Select regulations, publications and forms appropriate for this type of operation and check proper boxes in the shaded area of the "Board Use Only" section. See CPPM section 205.040.~~

~~INDEX OF FORMS AND PACKAGES USED IN MAIL REGISTRATION 220.020~~

~~BOE–400–REQ, Mail Registration Request~~

~~Printed in pads of 50, and used by all personnel to obtain sufficient information so proper application package(s) can be sent to taxpayers.~~

~~BOE–400–2 LOG, MailRegistration LogMonth/Year~~

~~Printed in pads of 50, and used to monitor application packages sent to taxpayers. Contains space to indicate why a returned application was rejected. Comments and reasons in this space will be evaluated periodically to see whether reasons for rejection are centered on a specific area.~~

~~BOE–1009, Notification of Conditional Security Requirement~~

~~Form BOE–1009 advises taxpayers no security is required upon issuance of a permit, but security may be required if any of four specific problems occur at a later date.~~

~~No taxpayer signature is required.~~

~~BOE–400–MIP, Seller's Permit for Individuals and Partners~~

~~The application package includes; explanation of reason for permit, an application form, and a listing of Board offices and phone numbers.~~

~~BOE–400–MCO, Seller's Permit for Corporation, Organizations, and Limited Liability Companies~~

~~The application package includes; explanation of reason for permit, an application form, and a listing of Board offices and phone numbers.~~

~~BOE–400–MT, Application for Temporary Seller's Permit~~

~~Application covers all forms of ownership. The application package includes; explanation of reason for permit, an application form, and a listing of Board offices and phone numbers.~~

~~BOE–400–MCU, Application for Consumer Use Tax Account (TAT SU)~~

~~Application covers all forms of ownership. The application package includes; explanation of reason for permit, an application form, and a listing of Board offices and phone numbers.~~

~~BOE–400–MCR, Application for Certificate of Registration — Use Tax (TAT SC)~~

~~Application covers all forms of ownership. The application package includes; explanation of~~

~~reason for permit, an application form, and a listing of Board offices and phone numbers.~~

~~BOE–400–RJ, Rejection of Application Letter~~

~~Applications that cannot be processed because of errors or missing information are returned to taxpayers with Form BOE–400–RJ as a cover letter.~~

~~Space has been provided to indicate the reason for the rejection. This form letter is not available through Supply, but is on a MS Word template. The template name is BOE400RJ. Use plain white paper as the template includes the current Board letterhead.~~

~~Welcome letter, Acceptance of Application Letter~~

~~Applicants to whom permits or accounts are issued receive a personalized letter explaining due dates of returns, and other general information. As with other letters, Welcome letters are on MS Word templates. Use the appropriate letter from the following list:~~

~~Template File Name~~	~~Application Type~~	~~Use~~
~~BOE-400-B~~	~~BOE-400-MIP/MCO~~	~~All Sellers except Temporary~~
~~BOE-400-B~~	~~BOE-400-MCU~~	~~Consumer Use Tax account~~
~~BOE-400-B~~	~~BOE-400-MCR~~	~~Certificate of Registration, Use Tax~~

~~ORIGINAL APPLICATIONS 225.000~~

~~GENERAL INSTRUCTIONS 225.005~~

~~Registration documents are read by taxpayers and many other persons from permit issuance to final file destruction. There are two very crucial elements to observe when completing any Board document.~~

- ~~Accuracy~~
- ~~Legibility~~

~~Business Taxes applications have many areas common to all forms. You must be familiar with each of the forms in order to assist the taxpayer in properly filling in the appropriate application. This chapter will explain general policy regarding the preparation of the following sales and use tax application forms:~~

- ~~BOE-400-MIP Application for Seller's Permit (Individuals and Partners Only)~~
- ~~BOE-400-MCO Application for Seller's Permit (Corporations, Organizations, and Limited Liability Companies Only)~~
- ~~BOE-400-MCR Application for Certificate of Registration – Use Tax~~
- ~~BOE-400-MCU Application for Consumer Use Tax Permit~~
- ~~BOE-400-MT Application for Temporary Seller's Permit~~

~~Applications 225.010~~

~~The Sales and Use Tax Department primarily deals with five application forms as described in the previous subsection. Each of the five forms are covered in detail in the "Programmed Text Workbook No. 1" (PREP 1), The Registration Process, which is provided to participants during the CT-1 training course. The forms are also covered in the mail registration packet.~~

~~The instructions included in this chapter of the CPPM generally apply to reviewing and checking the accuracy of each form. Transferring the information from the form to the OnLine Registration System is described in detail in the Client/Taxpayer System (CTS) On-Line Registration User's Guide.~~

~~CREATING A DISTRICT OFFICE FILE FOLDER 225.075~~

~~General~~

~~The on-line registration system eliminates the need for districts to create a file folder for most new accounts. The information captured with the on-line registration system reduces the need to create files, but does not eliminate the need altogether. There will be instances when a file should be created. Following are guidelines for when a file might be created for certain areas of interest. Keep in mind these are only guidelines and if at any time you feel a folder should be established, by all means do so.~~

~~When a file folder is created in the district, you must place a "Y" in the "Dist File" area of the Account Maintenance screen.~~

~~Revocations~~

- ~~Do Not Create A File~~

  ~~Generally, a file will not be created the first time an account is revoked. However, notes should be entered in the comments section of the on-line registration system as to significant actions taken to clear the initial revocation. When a BT-16 is prepared to clear a revocation or the revocation results in a "did not operate" (DNO), a statement to that effect should be made on the comment screen.~~

- ~~OK To Create A File~~

  ~~If the account becomes revoked again, then a file may be created to store related working papers. Also stored in the file would be a system print of the taxpayer's most current personal, bank and other information that would be helpful in clearing any subsequent revocations. If the situation warrants, obtain a photocopy of the account registration documents from the Taxpayer Records Unit. Keep in mind that information on the registration system should be the most current information.~~

~~Close-Outs~~

- ~~Do Not Create A File~~

  ~~A file **should not** be created if a close out has no successor, no delinquency, no accounts receivable, no fixtures and equipment to sell and no inventory to dispose of, nor should a file be created for a DNO. Generally, files should also not be created for temporary accounts.~~

- ~~OK To Create A File~~

  ~~A file **may be created** for closed out accounts that must clear the sale of fixtures and equipment, dispose of any remaining inventory, or be followed up for a possible successor. Any delinquencies or accounts receivable items are tracked by an automated system. The decision to create a file to follow these two items would be up to the district.~~

~~Security~~

- ~~OK To Create A File~~

  ~~The Board's current security policy would dictate that when security is required, the account or taxpayer has had problems with the Board or is a corporation with limited or no assets. If this is the case, a file may be created for documents to substantiate the basis upon which security was required or guarantees were accepted.~~

- ~~If You Do Not Create A File~~
  ~~If a file is not created, appropriate remarks must be made in the comments section. Then, the security documents can be block filed in the district security file.~~

~~Escrows~~

- ~~OK To Create A File~~
  ~~A file may be created in unusual circumstances. A file could also be created when the escrow request has been received prior to the closing of the account. If the close out process cannot be completed, the escrow information must be stored until the process can be completed. There may be information that needs to be obtained to successfully close the account out and issue the proper clearances.~~

- ~~If You Do Not Create A File~~
  ~~If a file is not created, appropriate remarks must be made in the comments section to supplement the close out information screens.~~

~~Legal Status Accounts~~

- ~~Do Not Create A File~~
  ~~When an account goes into bankruptcy, it should be entered on the legal subsystem. If the Board will not file a claim, no file should be created.~~

- ~~OK To Create A File~~
  ~~When an account goes into bankruptcy and a claim will likely be filed by the Board, a file could be built to store any items pertaining to the account and the bankruptcy or probate.~~

~~Collection Status Accounts~~

- ~~OK To Create A File~~
  ~~A file can be created for any correspondence or information that is gathered and may not be entered onto the Automated Compliance Management System (ACMS).~~

~~Audits and Determinations~~

- ~~OK To Create A File~~
  ~~When an audit is being conducted, or has been completed and the district has not made other arrangements to store the completed audit, a file folder could be created. Some districts currently maintain a separate file folder for completed audits. This practice can continue.~~

  ~~When Compliance Assessments (CAS) are done, a file may be created. There is a compelling reason to create these documents because there is already a problem with the account and creating a Compliance Assessment is a possible solution to that problem. A file may have already been created by the time the Compliance Assessment is prepared.~~
- ~~Do Not Create A File~~
  ~~There is also no reason to create an account file folder if the audit folder practice is in place.~~

~~Miscellaneous~~

- ~~OK To Create A File~~
  ~~If an account has more than six sub-locations "subs," a file may be created. This~~

~~would help in keeping any changes to those subs in proper perspective. If one or more of the subs were sold, a file folder would be helpful in storing the documentation for those sales.~~

~~A file may also be created at any time the need arises.~~

- ~~Do Not Create A File~~
  ~~You should not create files in every permissible case. This defeats the purpose of having information available on-line. The Board of Equalization's automated systems sit on the Teale Data Center mainframe.~~

~~Comments Screen~~

~~The Comments Screen of the on-line registration system should be used as a substitute for paper whenever possible.~~

- ~~If a taxpayer indicates by letter or other method that he or she has changed the business, personal, or mailing address, make the address change to the on-line system and indicate via the Comments Screen the type of change and why it was made.~~

~~The Comments Screen is a method of recording the history of an account as the Board moves to eliminate paper files in almost every case.~~

CODING ~~GRID ENTRIES~~THE PERMIT 230.000

OVERVIEW 230.005

The application forms that were used prior to ~~express registration and the online~~electronic registration ~~system~~ used a coding grid to define certain parameters associated with an account. The coding grid is no longer used. However, the grid information is still required and is entered ~~via online registration~~by staff when the electronic registration system is unavailable and a permit is issued manually.

Staff will find that the ~~online~~ registration system offers choices for some of the required coding information, while some information is imported from the client subsystem in IRIS~~. All that is necessary is to make the proper choice and the system enters the information~~. The background provided in this section is designed to assist staff to make the proper selections.

Subjects within this subsection are generally discussed in the same order they appear across the ~~online~~ registration screen.

~~Taxable Activity Type~~TAXABLE ACTIVITY TYPE (TAT) 230.007

~~Taxable Activity Type (~~TAT~~)~~ is the business activity that requires a client to register with the ~~Board~~ BOE for a particular tax program. Each TAT has specific rules based on laws and policies administered in whole or in part by BOE and codes that define it. For example, a regular seller's permit would have the TAT "SR". For the complete list of codes, see Business Taxes Code Book section 100.071.~~The TAT field will contain SR, SG, SJ, SC, or SU.~~ Once a permit is issued, ~~T~~this field cannot be modified by staff, however~~.~~ ~~T~~the addition or subtraction of sub~~-~~locations will automatically cause the TAT Indicator to be changed (e.g. TAT when a sublocation in another taxing jurisdiction is added, the TAT will automatically change to SR Y. The TAT also determines which type of tax return is to be furnished to the taxpayer.

The TAT Indicator field contains additional information about the account including the number and physical locations of the business. The TAT Indicator denotes which schedules the account needs to properly allocate sales tax funds to local jurisdictions. This field will have the consolidated account indicators X, Y or Z, or the Special Seller code S. The TAT Indicator field is also used as a source indicator for Consumer Use Tax accounts to identify how the information used to establish the account was obtained.

BASIS CODES 230.010

The basis code indicates the return filing requirement for the account:
~~The entry in this space is the alphabetical code for the reporting basis:~~

M	Monthly
Q	Quarterly
Y	Yearly
F	Fiscal Yearly
QP	Quarterly Prepayment

CODING FOR THE TYPE OF BUSINESS ~~CODE~~ 230.020

~~Business codes are extremely important to the Board's compliance, audit, and administrative~~

~~programs. The importance of accurate coding cannot be overemphasized.~~ BOE uses North American Industrial Classification System (NAICS) codes to accurately identify the principal activity of a business within the retail, wholesale, and service categories. When manually registering a permit, a NAICS code is selected which automatically selects the corresponding business code in IRIS. The two-digit business code is used primarily for audit and administrative purposes.~~The~~ ~~b~~Business codes ~~consists of two digits ranging from 01 through 99~~ are listed in~~.~~ ~~To determine the code, refer to~~ section 203.028 of the Business Taxes Code Book ~~for a listing of the business codes~~. When a taxpayer registers electronically, the codes are selected by the system automatically. For the purposes of manual registration, however, staff will need to locate and enter the correct NAICS code.

The NAICS code is a six-digit code consisting of two separate parts:

1. The first two digits represent a general category of economic activity - i.e., Food Services.
2. The remaining four digits narrow the focus to the specific industry within the general category – i.e. Full-Service Restaurants.

Because NAICS codes are industry specific, it is important to find out from the taxpayer what the majority of the business activity encompasses. Although a company may be conducting several types of businesses from one location, the NAICS code chosen should identify the main scope of the business. For example, a styling salon that also sells beauty products would have a NAICS code for the main scope of the business, hair care, not for the minimal sales of hair products. The NAICS code would be 812112 for the service enterprise.

Staff performing registration functions should use the NAICS Code Generator to assist in the accurate selection of the NAICS code during the registration process. The Generator also has a "Help" button to provide additional assistance in determining the proper code, and a "Support" link which allows users to report problems or make suggestions for improvements to the Generator.

The NAICS Code Generator has the following three tools to determine the appropriate code:

1. **Search**
   Staff can type in a general business classification and the field can be narrowed down by retail/wholesale, manufacturing, and service by selecting the category. If unsure of the category the business falls into, selecting "All" will bring up any category the business classification may fall into.
2. **Franchises**
   If the business is from a known franchisor (e.g. McDonald's, Ace Hardware), there is a quick search available under "Franchises." By typing the word "McDonald's" in the Franchise section of the Generator, a NAICS code of 722211 will appear. The drop down screen is in alphabetical order displaying common franchises. Not all franchises will be available, and in that instance, staff should use the Search or Wizard to determine the proper NAICS code.
3. **Reverse Look-Up**
   If the taxpayer provides their NAICS code or if staff is trying to verify whether the NAICS code is descriptive of the taxpayer's business, the "Reverse Look-Up" is designed to enter a NAICS code, displaying the description associated with it.

For PSTD, accounts with Taxable Activity Types (TAT) EF and OL use the Standardized

Industrial Code (SIC), and the system automatically translates the SIC into a NAICS code. Both the SIC and NAICS fields are modifiable. For other programs administered by PSTD, the NAICS code will, generally, default automatically to a pre-designated NAICS code, although staff can input the applicable NAICS code during registration if necessary.

~~A "forced" NAICS Code (100000) is used when a type of business is encountered that does not exist in the NAICS system and, therefore, is not found in the NAICS Generator. For the BOE's purposes, NAICS Code 100000 should be manually entered and used only when an applicant withholds information regarding the types of items sold. This applies to the following:~~

1. ~~Question number 38, "What Items Will You Sell?" on the BOE-400-SPA, *Seller's Permit Application*,~~
2. ~~Question number 27, "What Items Will You Sell or Lease?" on the BOE-400-CSC, *Application for Certificate of Registration Use Tax*,~~
3. ~~Question number 27, "Types of Items Purchased," on the BOE-400-CSU, *Application for Consumer Use Tax Account.*~~

~~Staff processing registration applications where the answers to these questions are missing will ask the applicant to obtain an answer. However, if the applicant declines to answer the question, staff will do the following:~~

1. ~~Complete the application process using NAICS Code 100000.~~
2. ~~Ensure that the NAICS Code is written on the application.~~
3. ~~Attach a signed BOE-400-WVR, *Incomplete Application Waiver*, to the application.~~
4. ~~Give the application and waiver to a designated supervisor.~~
5. ~~Enter comments in IRIS.~~

~~The designated supervisor will ensure the person who signed the application is also the same person who signed the waiver. The supervisor will check the TAR screen to ensure that NAICS Code 100000 was entered~~

If the NAICS Code must be changed because of error or the taxpayer changes the nature of the business, staff will do the following:

- Place the cursor under the NAICS number, press F9 modify key. "NAICS Change" screen pop-up appears
- In the NAICS Change pop-up, enter the Code in the field under "NAICS" heading
- Enter the month and year under "Effective Date of Change." The effective date of change should be as close as possible to the actual date the change occurred or will occur
- When all changes are entered, press the F5 key to accept the changes made

Ensuring the NAICS Codes are kept current is the responsibility of the Data Analysis Section (DAS). Any problems with the NAICS Code Generator should be directed to DAS staff (MIC 75).

TAX AREA CODE 230.030

The tax area code indicates in which jurisdiction a sales tax account is located, and is used as a basis for developing statistical data. When a taxpayer registers electronically, the tax area codes are assigned by the electronic registration system. It is extremely important the correct tax area code is assigned so that the local taxes paid are allocated to the proper city and county

governments. An index of tax area codes may be found in the Business Taxes Code Book.

When the proper tax area code must be determined for manual registration, the IRIS registration system provides more than one choice. To aid in determining whether an address is located within city limits or in an unincorporated area of a county, the following resources available:

- tax rate locator on the BOE website
- maps or "Thomas Guides"
- county assessor or treasurer websites
- incorporated city websites
- Google maps

If staff encounters unverifiable addresses or discrepancies between information in the available resources, staff should consult with Local Revenue and Allocation Unit (LRAU) by sending an email to "+Area Codes."

Once the correct tax area code is determined, ~~P~~place the cursor on the correct ~~tax area~~ code and press the enter key. If an in-~~-~~lieu entry is also required, the system will prompt you to make that selection.
~~Following is an explanation of the breakdown of the tax area code.~~

~~Sales and Use Taxes~~Tax Area Code Breakdown
~~Tax area codes are used by the Board to distribute local taxes to appropriate jurisdictions and as a basis for developing statistical data. An index of tax area codes may be found in the Business Taxes Code Book and in the Uniform Local Sales and Use Tax Section of the Business Taxes Law Guide.~~

The tax area code is composed of twelve digits:

1. The first group of five digits consists of a two digit county code, followed by a three digit code denoting city or unincorporated areas of each county.
2. The second group is a three digit code identifying any "add-on" districts in which the account may be located.
3. The third group is a four digit code representing "in-lieu" areas, such as redevelopment agencies.

Groups two and three will consist of zeros for locations not within districts or redevelopment areas. Even though the ~~online~~registration system provides a choice of tax area codes, to determine the correct code the following is helpful.

For example, Huntington Park might show a tax area code of 19018–036–0001, broken down as follows:

19	**018**	**036**	**0001**
County Code	City Code	"Add-On" Code	"In-Lieu" Code
See Code Book	*See Code Book*	*See Code Book*	*See Code Book*
110.50	110.55 and 110.60	110.65	110.70

City and County Codes
Under provisions of the Bradley Burns Uniform Local Sales and Use Tax Law, the BOE~~oard of Equalization~~ contracts with local taxing jurisdictions (cities, counties) to collect the local portion

of the sales and use tax and remit these amounts to the local entities.

Every city and county has been assigned a five digit code for local tax allocation purposes. The first two digits, from 01 to 59 signify county, statewide or county proportional allocation.

- Codes 01 to 58 identify an individual county in California for local tax allocation.
- Code 59 identifies all counties collectively for statewide allocation.
- Code 59 followed by "999" signifies local tax is proportionately allocated to all counties.

The last three digits in the five digit code indicate the specific taxing jurisdiction to receive the local tax.

- If the local tax is to go exclusively to the county indicated by the first two digits, the final three digits will be 998.
- If the tax is to be apportioned among the county and all local tax jurisdictions within the county indicated by the first two digits (countywide allocation), the final three digits will be 999.
- In almost all cases where the final three digits of a tax area code are between 001 and 997, the local taxing jurisdiction is an incorporated city.

Add-On Code

The "add-on" portion of the tax area code identifies those tax districts for which an additional (or added-on) transactions (sales) and use tax is assessed, such as BART and SCTA. These positions of the tax area code consist of zeros for selling locations not in "add-on" districts. ~~Numeric "add-on" codes within the tax area code replaced the former alpha Special Taxing Jurisdiction Identifier on January 1, 1986.~~

In-Lieu Code

The "in-lieu" portion of the tax area code identifies the districts (usually redevelopment agencies) which receive their share of the local tax directly from the BOE~~oard~~ rather than through the county or city. These positions of the tax area code consist of zeros for locations not within "in-lieu" jurisdictions. The codes for each "in-lieu" area are consecutively numbered as each new district contracts to have the BOE~~oard~~ administer the ordinance.

In-lieu codes may be found in Business Taxes Code Book ~~S~~section ~~110.071~~160.005.

Consolidated Accounts

~~For consolidated accounts, the allocation system will take information from expanded tax area codes on each sublocation.~~ Consolidated accounts are those accounts in which there is more than one business location, called a sublocation.

Types of Consolidated Accounts

1. All sublocations within the same tax area code, add-on code, and in-lieu code (all tax area codes for all sublocations are identical):
    - Use TAT SR X ~~Taxable Activity Type~~

- Master permit will carry the same tax area code, add-on code and in-lieu code as its subs

2. Different sublocation tax area codes, add-on codes or in-lieu codes exist:
   - Use TAT SR Y or SR Z ~~Taxable Activity Type~~
   - "Add-on" and "in-lieu" codes will be assigned to each selling location (sub-permit) according to its specific business location
   - City portion of the tax area code for the master permit will be "000"
   - If no sublocations are located within a district, use "000" for the master location "add-on code"~~; or,~~
   - If one sublocation is located within a district, also use the add-on code for that specific sublocation as the master location "add-on code"~~; or,~~
   - If two or more sublocations are located within a district, use "997" as the master location "add-on code"; they may, however, be different districts
   - The master permit will have the "in-lieu" code of "0000" regardless of how many in-lieu codes may be involved on sub-permits for the account

See CPPM ~~S~~section 245.000 for more detailed instructions on consolidated accounts.

OWNER CODE 230.040

When a taxpayer registers electronically, the owner code is assigned by the electronic registration system. The owner code is also generated automatically by the ~~on-line~~ registration system during manual registration when you choose a client/taxpayer and request a taxable activity registration (TAR). ~~When a client/taxpayer is registered for a Taxpayer Identification Number (TIN) an "Entity Type" code is assigned. This entity type code, which is a one to one relationship to the TIN, generates the owner code automatically.~~

The chart below illustrates the conversion:

TIN Entity Type	Code	TAR Ownership Type	Code
Unincorporated Business Organizations	**B**	Unincorporated Business Organizations	**B**
Corporation	**C**	Corporation	**C**
Estate	**E**	Limited Liability Company (LLC)*	**D**
Federal Government	**F**	Estate	**E**
Other Government (State/Municipal)	**G**	Federal Government	**F**
Individual*	**I**	Other Government (State/Municipal)	**G**
Limited Liability Partnership~~Jurisdiction~~	**K~~J~~**	Sole Proprietor	**S**
Limited Partner	**L**	Limited Liability Partnership	**K**
Husband and Wife Co-ownership~~Limited Partner~~	**M~~L~~**	Limited Partnership (LP)~~Jurisdiction (allocation only)~~	**L~~J~~**
Registered Domestic Partnership~~Husband and Wife Co-ownership~~	**N~~M~~**	Husband and Wife Co-ownership~~Limited Partnership (LP)~~	**M~~L~~**
Organization / Association	**O**	Registered Domestic Partnership	**N**
Partnership or Co-ownership~~Organization / Association~~	**P~~O~~**	Organization / Association~~Husband and Wife Co-ownership~~	**O~~M~~**

Receivership / Fiduciary	**R**	Partnership or Co-ownership	**P**
TrustPartnership or Co-ownership	**TP**	Receivership / FiduciaryOrganization / Association	**RO**
Joint VentureReceivership / Fiduciary	**VR**	TrustsPartnership or Co-ownership	**TP**
Limited Liability Company (LLC)*Trust	**ZT**	Joint VentureReceivership / Fiduciary	**VR**
Joint Venture	**V**	Trusts	**T**
Limited Liability Company (LLC)*	**Z**	Joint Venture	**V**

•*The TIN entity type code is not the same as the TAR ownership type code. There is no ownership code for the "Doing Business As (DBA)' and "Historical Name" entity types.*

ORIGINAL STARTING DATE 230.050

This is a six digit code indicating the month, day and year in which the account was originally established. This entry will determine whether or not tax returns need to be furnished to the taxpayer.This should be the date the taxpayer starts operating the business, and can be a date in the future or in the past. If the start date is in the past, staff must determine if the taxpayer should be advised to electronically file any past due returns. If the start date is in the past, staff should also make sure the start date is within the statute of limitations (see RTC 6487 et. seq.)

LIMITED LIABILITY COMPANIES 230.055

Effective September 30, 1994, Senate Bill 469 (Beverly), chapter 1200, authorized the formation of a new business entity called a limited liability company (LLC). LLC's afford its members the same legal liability protection as shareholders of a corporation. A limited liability company (LLC) shares characteristics of both partnerships and corporations, but its members have the same legal liability protection as shareholders of a corporation. LLC's formed under California statutes are considered domestic LLC's. Foreign LLC's are organized under the laws of any other state, the District of Columbia or under the laws of a foreign country. Both foreign and domestic LLCs must have at least one member.

LLC's are required to register and file Articles of Organization with the Secretary of State (SOS) must file Articles of Organization which set forth:

- The name of the LLC
- A statement of purpose.
- The name and address of agent for service of process.
- A statement as to how the LLC is to be managed.

Requirements

Foreign LLC's may be exempted from registering with the Secretary of StateSOS if not "transacting intrastate business" as defined in California Corporations Code section 17001. This should not be confused with the definition of "retailer engaged in business in this state" under RTCevenue and Taxation Code section 6203 which remains a determining factor in whether a Foreign LLC (an LLC organized in another state such as Texas and Delaware) is engaged in business in this state.

Foreign and Domestic LLC's may have only one member.

Organization

- The Articles of Organization may provide that the LLC shall be managed by one or more manager(s) who may, but need not, be members or natural persons. If no manager(s) is designated, management is vested with the members.
- Manager's fiduciary duties to the LLC and its members are those of a partner to a partnership.
- In addition to managers and members, an LLC may have officers who may, but need not, be a member or manager. Appointment of officers shall be specified in the Articles of Organization or in an operating agreement.
- Regular meetings of members or managers are not required unless expressly called for in the articles or operating agreement.

Authorization to Transact Business

- Upon registration with the SOS~~ecretary of State~~, foreign and domestic LLC's are authorized to transact business in this state. Therefore, RTC~~evenue and Taxation Code~~ section 6005 was amended~~ by this legislation~~ to include "~~l~~Limited ~~l~~Liability ~~c~~Company" in the definition of "person".
- Additionally, RTC~~ & T Code~~ section 6829 was amended to provide that any officer, member, manager, or other person having control or supervision can be held personally liable for sales tax to the same extent as corporate officers upon termination, dissolution, or abandonment of a domestic or foreign LLC business.
- ~~This legislation also provides that b~~Both the ~~Secretary of State~~SOS and the ~~Franchise Tax Board~~FTB shall have the authority to suspend the powers, rights, and privileges of an LLC for violating certain provisions of the Corporations Code and the Revenue and Taxation Code respectively.

Articles of Organization, LLC–1 and LLC–12

The Articles of Organization, LLC–1, does not include the names of managers and members. Accordingly, the applicant must provide all required information regarding managers and members at the time of registration.

The best source for manager/member information is the ~~Secretary of State~~SOS's Limited Liability Company Statement of Information, Form LLC-12. The form must be filed with the SOS~~ecretary of State~~ within 90 days of the filing of the Articles of Organization.

- ~~If the applicant has the LLC–12 but it has not been filed with the Secretary of State as evidenced by the Secretary of State's bar code and LLC number in the bottom right hand corner of the form, the applicant should be instructed to send us a copy of the form after it has been filed.~~
- ~~If the applicant does not provide a copy of the LLC–12 within 90 days, a copy of the LLC–12 should be obtained by contacting the Secretary of State's LLC Unit, P.O. Box 944228, Sacramento, CA 94244–2280, Telephone (916) 653–3795.~~

~~Completing the Application~~Manual Registration Procedure

Registration will generally be completed using the electronic registration system on the BOE website. Only when the system is unavailable, ~~The BOE–400–MCO/MIP will be used to~~ will ~~manually issue~~ a seller's permit~~s~~ be registered manually.

The following are specific to registration of LLCs:~~To minimize confusion, the tax technician should ascertain the type of ownership prior to providing the taxpayer with an application and assist the taxpayer in completing the BOE–400.~~

- If Articles of Organization (Form LLC–1 for domestic LLC's or Form LLC–5 for foreign LLC's) ~~should accompany applications.~~are not provided, search the SOS website, www.sos.ca.gov, to confirm the entity is valid.
- ~~The LLC form must have the Secretary of State's bar code and LLC number at the lower right-hand corner of the form.~~

~~Single LLC's~~

- ~~Application Form BOE–400–MCO will be used to register a single LLC as the permittee.~~
- Check Limited Liability Company (LLC) as the type of ownership, and make sure to ~~in Box Number One.~~
- ~~E~~ enter the full LLC name as it appears on the Articles of Organization or on the SOS website~~in Box Number Two.~~
- ~~Box Number Three will be completed as usual~~.
- Enter the LLC number ~~in Box Number Four and identify accordingly~~from SOS.
- ~~Boxes Five through Eleven will be used for information on managers and members. If, according to the Articles of Organization, the LLC is to be managed by one or more managers, o~~Obtain complete data on ~~the~~all manager(s) designated in the Articles of Organization, as you would with limited partners. ~~and~~If necessary, use additional sheets ~~as necessary~~ to list the ~~member~~managers ~~as you would for limited partners~~. If the manager(s) are also members, they count towards the one-member minimum requirement. If the manager(s) are not members, you must obtain and enter the data for at least one member.
- If management is vested in the members, obtain complete data on all the members.
- If a manager is other than a natural person, i.e., a corporation, enter the name ~~on Line Number Five, the BA on Line Number Six and skip Lines Seven, Nine and Ten.~~ and use a separate sheet to list corporate number and officer information. The application must be signed by the manager or managers of the LLC.
- ~~Use a separate sheet to list corporate number and officer information in these situations. The balance of the application should be completed as usual and all applications need to be signed by the manager or managers, as the case may be.~~

~~Managers~~

- ~~If the Articles of Organization designate that one or more managers will run the business affairs of the LLC, their names should be entered.~~
- ~~If the manager(s) are also members, they count towards the one-member minimum for domestic LLC's.~~
- ~~If there is one manager or more than one manager who are not members, you must still enter one member in addition to the manager(s) because LLC's are required to~~

~~have at least one member.~~

- ~~If management is vested in the members, complete personal information on all members should be entered.~~

LLC's As General Partners

- When registering a partnership between an LLC and another entity, such as a corporation, use ~~application~~ the ~~Form~~ BOE–400–~~MIP~~SPA.
- Whenever a "partner" is not a natural person, ~~Boxes Three through Eleven do not apply. A~~attach a separate sheet to include information on additional partners, including the respective managers, members, or corporate officers of each partner entity.

~~Account Maintenance Issues~~Dissolution

The first to occur of the following events will trigger the automatic dissolution of an LLC and may require follow-up at the district level to determine the proper closeout date:

1. At the time specified in the articles of organization.
2. Upon the happening of events specified in the Articles of Organization or a written operating agreement.
3. By vote of a majority in interest of the members, as may be specified in the Articles or Organization or a written operating agreement.
4. Except as otherwise provided in the Articles of Organization or a written operating agreement, upon the death, withdrawal, resignation, expulsion, bankruptcy, or dissolution of a member unless the business of the ~~limited liability company~~LLC is continued by a vote of all the remaining members within 90 days of the happening of that event.
5. Entry of a decree of judicial dissolution.

Districts should be cognizant of these events when conducting routine account maintenance, or when an LLC is being worked for a delinquency,~~/~~ accounts receivable, ~~/~~revocation, or bankruptcy.

Security

Because of the limited liability of managers and members, security deposits will be required from all LLC's that meet the $~~500~~ 2,000.00 minimum threshold, unless the LLC has sufficient ~~interest in real property~~assets in this state to obviate that necessity, or good payment history with BOE. See CPPM Chapter 4.

LIMITED LIABILITY PARTNERSHIPS (LLP) 230.056

A limited liability partnership (LLP) is a general partnership, not a limited partnership, which provides its partners with limitations on their personal liability (without changing most of the attributes of a general partnership), which is licensed to engage in the practice of law or public accountancy or architecture, or is a partnership "related" to a LLP, which provides facilities or services to a LLP or provides services related to, or complementary to, services provided by the LLP. The domestic registered LLP, as well as the foreign LLP, which will "transact intrastate business" must register with the California SOS by filing an Application to Register a Limited Liability Partnership, LLP-1. Corporations and other collective entities, such as partnerships, can be partners of an LLP.

Manual Registration Procedure

Registration can be completed using the electronic registration system on the BOE website. When electronic registration is unavailable, staff may complete registration manually. See CPPM section 205.000 for additional information on manual registration.

The following are specific to registration of LLPs:

- Enter the name of the LLP, exactly as registered with the SOS except for the end of the name (e.g. LLP).
- Information on all general partners and/or managing general partners will be entered in the registration system.
- A copy of SOS form LLP-1 should accompany the BOE-400-SPA.
- Enter the FEIN, SEIN, and SOS numbers.
- The account will be registered according to the procedures for registering partnerships.

Partnership Changes

If one of the partners of the LLP changes, the LLP entity does not change as long as there are at least two or more partners. Every effort should be made to keep current information about the LLP's partners. Possible sources of SOS information for partnership changes may be found in an Amendment to Registration of a Limited Liability Partnership, LLP-2, and also a Notice of Change in Status of a Limited Liability Partnership, LLP-4.

Security

Security deposits should be routinely required from all LLP's. The LLP name must be on the security. Any partner or other person as indicated in RTC section 6829 may also, but is not required to be, listed on a surety bond or deposit account. For more information see CPPM Chapter 4.

UNINCORPORATED BUSINESS ORGANIZATIONS (UBO) 230.05~~6~~7

General

~~A business trust might be called a California Business Trust (CBT), Unincorporated Business Organization (UBO), Massachusetts Trust or common law trust. Section 6005 defines a "person" to include a "trust" and "business trust." This type of trust is an unincorporated business in which the business assets are owned or held in the name of trustees and are operated or managed by them for the benefit of holders of certificates of beneficial interest in the trust.~~

~~The relationship between trustees and the trust is similar to that of partners to a partnership. Trustees are personally liable for the sales tax liabilities of the trust and should be so advised. As stated in **People v. Sischo** (1939) 31 Cal. App. 2d 345, trustees are personally liable for taxes even if the trust instrument contains provisions that trustees are not to be so held. In a true business trust, the beneficiaries are not personally liable for obligations incurred by the trustees, however, if the trustees are subject to the control of the beneficiaries the so called "trust" is in fact not a trust and the beneficiaries may be liable as partners.~~ RTC section 6005 defines "person" to include "trust" and "business trust." Unincorporated Business Organizations (UBO) are trusts between a beneficiary, who only contributes assets, does not control the business, and is not liable for tax debts of a business, and a trustee(s), who manages the contributed assets of the beneficiary, who may operate a business initially funded by contributed assets of the beneficiary and who would be responsible for tax debts. A UBO must have at least one trustee.

The beneficiary cannot be the trustee and the contributed assets must be in the total control of the trustee with no ability by the beneficiary to access those assets or control the business. An agreement to create the UBO in California must utilize a written declaration of trust or other instrument in a written agreement defining the rights and responsibilities between the beneficiaries and the trustee(s). If the declaration, agreement, or other discovery shows that the trustee(s) or the business may be in any way controlled by the beneficiary, the business is not a trust and the beneficiary is liable as a partner.

Other than the written agreement, the structure of a UBO may consist of nothing more than a bank account in the name of the UBO, or if the UBO has no name, in the name of the trustee "as trustee." Or, the UBO may have a structure more like a corporation where the UBO issues transferable shares of stock to beneficiaries. The UBO's real and personal property should be held in the name of the trustee, as trustee of the UBO.

The UBO's trustees are the entity's "principals." The beneficiaries are not "principals" of the UBO and have no liability for taxes due by the UBO. The UBO and its trustee are jointly liable for any taxes due. If the BOE cannot collect from the UBO's assets, collection efforts can be directed toward the trustee. For tax liability purposes, there is no limit to a trustee's liability.

Requirements

~~A copy of the "Trust" document must be obtained. This document needs to be carefully examined to determine what property is involved, who the beneficiaries are and who the trustees are. If a copy of the written agreement establishing the requirements for a UBO will not be furnished, the Board should assume the entity is a general partnership and may issue a permit to the general partnership.~~ If a written agreement is not provided establishing the requirements for a seller's permit to be issued to the entity as a UBO, the entity should not be issued a permit as such. In the absence of a written agreement, the BOE should assume the entity is a general partnership and may issue a permit to the entity as a general partnership.

~~On-Line~~ Registration Policy

Registration should be completed using the electronic registration system on the BOE website. If electronic registration is unavailable, BOE-400-SPA is used to register UBOs. If the taxpayer provides a written agreement establishing the requirements for a UBO, a permit is to be issued in the name of the UBO and the trustee(s). If the UBO has no name, the permit should be issued in the name of the trustee(s) "as trustee(s)."

For UBO's, the entity code is B, the owner code is B, the relationship code for the beneficiary is B, and the relationship code for the trustee is T.

~~The trustees are to be regarded as partners in the business with the other trustees and the trust, and should be registered as "XYZ Trust and Joe Smith and John Amos individually and as Trustees of said Trust". If the UBO does not have a name the permit should be issued in the name of the trustee(s) "as trustee(s)" for example, Joe Smith, Trustee and John Amos, Trustee.~~

~~Each trustee should provide personal asset information and be advised that each trustee will be liable for the full business liability.~~

Security

If the BOE~~oard~~ requests security on a UBO account, it is to be posted by the trustee(s) as an individual(s). The trustee(s) and the name of the UBO ~~is~~ are required to be listed on a surety bond if a written agreement establishes the name of the UBO.

ACCOUNT CHARACTERISTIC CODE (ACC) 230.060

This field is where miscellaneous information about ~~each~~an account ~~will~~ resides. When a taxpayer registers electronically, the Account Characteristic Code (ACC) is assigned by the registration system. When registering a taxpayer manually, staff will enter the code if applicable.

Sales Tax Accounts

~~Account Characteristic Codes (Acct Char~~ACCs~~)~~ are used to indicate additional characteristics of a given account (~~i.~~e.g., part-time, temporary, etc.) ~~Acct Char codes~~ACCs are as follows:

~~**01**~~	~~is a retailer who is temporary~~
~~**02**~~	~~is a retailer who is part time~~
~~**03**~~	~~is a retailer who sells fuel~~
~~**04**~~	~~is a retailer who sells fuel and is also a fuel broker~~
~~**05**~~	~~is a retailer who sells fuel and is also a distributor~~
~~**06**~~	~~is a retailer who sells at temporary locations (swap meets, flea markets and auctioneers who meet the $500,000 criteria)~~
~~**07**~~	~~s a retailer who has a warehouse location(s)~~
~~**08**~~	~~is a retailer who is voluntarily filing SC (Certificate of Registration — Use Tax)~~
~~**09**~~	~~is a retailer who is a vehicle lessor (Section 7205.1)~~
~~**10**~~	~~is a retailer who has a Manufacturer's State Tax Exemption Certificate~~
~~**11**~~	~~is a retailer who has signed a request for a permanent extension (usually a government entity) and will be tied to a TAR code~~
~~**12**~~	~~is an auctioneer or out-of-state retailer with sales or use tax exceeding $500,000 (Regulations 1802)~~
~~**13**~~	~~is a government entity that has a permit to report and pay use tax directly (Sections 7051.1, 7051.2 and 7051.3).~~
~~**14**~~	~~is a non-government entity that has a permit to report and pay use tax directly (Sections 7051.1, 7051.2 and 7051.3).~~
~~**17**~~	~~voluntary disclosure~~
~~**18**~~	~~1032 Program account~~
~~**19**~~	~~AGMT Partnership (RUPA Agreement)~~
~~**998**~~	~~Not available for purge~~
~~**999**~~	~~is an Arbitrary account~~

Code	Description	Code	Description
1	Temporary seller (90 days or less)	23	In State Voluntary Disclosure
2	Part-time Seller	24	Tax Amnesty
3	Retailer: Fuel	25	Lead Source
4	Retailer: Fuel: Broker	26	Sellers with Business Location & Stock of Goods in CA
5	Retailer: Fuel: Distributor	27	Jet Fuel Seller – Delivering into Aircraft
7	Sellers without a permanent place of business in state, other than a stock of goods, i.e. - warehouse location	28	Blind Vendor Program DOR
8	Voluntary SC (Cert of Reg Use Tax)	29	State Agency or State Department
9	Vehicle Lessor (Section 7205.1)	30	Internet Sellers
10	Manufacturer's State Tax Exemption Certificate	31	VoIP Services Only
11	Request on File for Permanent Extension (Government Only)	32	Traditional Telecommunication Services
12	Sales or Purchases of $500,000 or more (Reg 1802)	33	Provides VoIP and Traditional Services
13	Direct Pay - Govt	34	Required Registrant per ABx4-18 (2009) Qualified Purchaser
14	Direct Pay - Non Govt	35	ABx1-28 Nexus Legislation
17	Voluntary Disclosure	36	Efiling Certification (only with TAT CR & CM)
18	1032 Program	37	Efiling Production (only with TAT CR and CM)
19	AGMT Partnership	38	AB 155 Nexus Legislation
20	Bad Debt Lender/Retailer	39	Lumber Products Assessment
21	AB990 Account	998	Not Available for Purge
22	Diesel Fuel Seller (expedite process)	999	Arbitrary

Consumer Use Tax Accounts

Other than Qualified Purchaser accounts (code 34), Consumer Use Tax accounts do not use ACCs~~Make NO ENTRIES in the Account Characteristic Code for Consumer Use Tax accounts~~.

ACCOUNTANTS' MAILING CODE 230.080

General

Returns may be mailed in bulk directly to accountants servicing five or more taxpayers. These accountants are assigned tax return mailing code numbers ranging from 00001 to 99989.

When an accountant is assigned a mailing code number or the mailing address of an accountant already assigned a number changes, the Local Revenue and Allocation Unit (LRAU)~~Account Analysis & Control Section~~ will update the accountant information ~~via~~ in the ~~online~~ registration system.

Issuance of Accountant's Code

In order to obtain an accountant's mailing code, an accountant must submit a request showing the name and account number of five or more taxpayers whose returns he/she is to receive, along with signed authorization from each taxpayer asking that the returns be mailed to the

accountant. ~~Form~~ BOE–91, ~~Permittee~~ *Tax and Fee Payer* *Authorization to Send Tax Returns to Accountant*, is designed for this purpose; however, a letter from the taxpayer indicating their account number, the name and address of the accountant and the mailing code number assigned to the accountant may be accepted in lieu of the ~~Form~~ BOE–91.

Authorizations taken in the field should be forwarded to ~~Headquarters Account Analysis & Control Section~~LRAU. Existing accounts must have the accountant's code added or changed by the ~~Account Analysis & Control Section~~LRAU. All requests to add or alter the Accountant Code file must be submitted to the ~~Account Analysis & Control Section~~LRAU.

Accountant Closes Practice

When Headquarters is notified that an accountant is no longer in business, ~~the Account Analysis & Control Section~~LRAU will cancel the accountant's code number. The accountant code will be removed from the taxpayer's registration record.

Accountant Change of Ownership

If an accounting business has a mailing code number and subsequently changes ownership, the new owners may not retain the code number. The new accounting firm owners must obtain new authorizations (BOE–91 or equivalent) from their clients and apply for their own mailing code number.

Mail Distribution

Generally accountants will file returns electronically via the BOE website. However, if an exemption has been granted, ~~Explain to both the accountant and the taxpayer that only~~ returns will be mailed to the accountant for ~~an~~ accounts having the accountant ~~exception~~ code. All other mail will be sent to the mailing address of record for the taxpayer. This should be explained to both the accountant and the taxpayer.

~~**EXTENSION CODE: PERMANENT EXTENSION OF TIME GRANTED TO CERTAIN POLITICAL SUBDIVISIONS 230.090**~~

~~This is a general one-month extension for California state and local governments including municipalities and local schools of this state. The extension is indicated by Entity Type G on the Client Taxpayer Systems (CTS) and owner code G on the Taxable Activity Registration (TAR). The one-month blanket extension is also granted to the Department of Finance for all state agencies. Interest will not be assessed against a state agency providing it files its sales tax or use tax claim with the State Controller on or before the due date of the tax return. (See CPPM 535.060.)~~

~~**TAXABLE ACTIVITY REVIEW CODE 230.091**~~

~~The Taxable Activity Review Code field (TAR CD) contains information utilized by the Return Analysis Section to indicate important information about an account (e.g. an allowed labor deduction, an account with a history of dishonored checks, etc.).~~

~~BRP (~~BASIS REVIEW PROTECT -CODES (BRP)~~)~~ 230.095

~~Annual basis reviews examine t~~The payment history of all sales and use tax accounts undergo an annual basis review to determine if they are assigned the proper reporting basis. The average amount of tax paid over the most recent 12 months determines the reporting basis. The annual reviews are initiated automatically, and selected taxpayers receive computer-

generated letters advising them of changes in their reporting basis. Changes in reporting basis are made without field office review.

Also, in March of each year, there is a review of the ~~A~~accounts ~~R~~reporting ~~N~~no ~~S~~sales which identifies accounts that have not reported sales in the past year. This review initiates a letter ~~to~~advising each identified taxpayer ~~identified advising~~ that their permit will be ~~canceled~~ closed unless they respond and establish to the BOE~~oard~~'s satisfaction that their permit is still required.

Because all the annual basis reviews and the review of accounts not reporting sales are automatic, it is advantageous to have a method of excluding individual accounts from the annual reviews.

Basis Review Protect Codes and Descriptions

Codes are entered in the BRP ~~on-line~~ registration field are used to exclude an account from certain annual basis reviews. This field is displayed after the district file code field on the registration screen. There are three different codes available to exclude an account from review. The actual ~~on-line~~ assigning of BRP codes requires a security level 3 (supervisor or designee) in order to ensure a second controlled review is performed before an account is removed from prepayment status or has a BRP assigned. Only one of the following codes can be assigned to an account ~~as follows~~:

- Alpha character **"A"** will exclude an account from all annual reviews except the Annual Sales Tax Prepayment Basis Review. Code "A" may be appropriate for an account assigned a more frequent reporting basis for collection purposes than~~t~~ would otherwise automatically be assigned ~~a less frequent basis~~. An account legally required to retain a permit which is not presently making sales would be another example. The account would otherwise be identified for possible closeout each year.
- Alpha character **"B"** will exclude a sales tax account from the Annual Sales Tax Prepayment Basis Review only. An account coded "B" will be included in all annual reviews except the prepayment basis review. Code "B" may be appropriate for an account with a taxable sales pattern ~~with~~of one excessively high month or quarter that causes their average monthly taxable sales for the test period to exceed the $17,000 prepayment threshold. A college bookstore might be an example. A gasoline seller who clearly qualifies for an exclusion from prepayment under ~~§~~RTC section 6471.4 might also appropriately be coded "B".
- Alpha character **"C"** will exclude an account from all annual reviews. Accounts coded "C" might include out-of-state voluntary Certificate of Registration — Use Tax accounts which have requested a particular reporting basis.

Assigning Codes

BRP codes should only be assigned in cases where it is clearly established that a particular reporting basis is desirable and/or necessary for efficient control of the account. A taxpayer's desire to remain on a particular reporting basis should not, in and of itself, be reason to exclude an account from~~or~~ review.

Annual List of Accounts with BRP Codes

Annually, each ~~d~~District ~~a~~Administrator will receive a list of all accounts in their district~~,~~ that ~~which~~ have a BRP code. The list is informational only and will ~~not~~ only require a response if there is possible misuse of assigning BRP codes.

REPORTING BASIS 235.000

SALES TAX PREPAYMENTS 235.010

Criteria

- Upon written notification by the BOE~~oard~~, any taxpayer who has an estimated measure of sales and use tax liability (taxable sales) of $17,000 or more per month, as determined by the BOE~~oard~~, must make prepayments regardless of the volume of taxable sales, until notified by the BOE~~oard~~ to discontinue prepayments. Retailers of motor vehicle fuel are not required to make prepayments to the BOE~~oard~~ if 75% of the taxpayer's gross receipts are from the sale of motor vehicle fuel, diesel fuel, aircraft jet fuel, or any combination of those fuels, as the fuel distributor is required to pre-collect a portion of the sales tax from the retailer (~~Pursuant to Revenue and Taxation Code~~RTC section 6471.4).
- Any taxpayer with an average sales tax liability of $10,000 or more per month must make their prepayments via the Electronic Fund Transfer (EFT) process. EFT ~~P~~prepayment forms are not required to be filed and are not provided to the taxpayer, although the payment is still due timely (see CPPM 235.035).
- An account must always be placed on a quarterly prepay reporting basis when the anticipated volume of business indicates prepayments will be required.
- The taxpayer will be given a ~~Form~~ BOE–1241–D~~C~~, *Notice of Prepayment Status*, that explains the requirements in regard to the filing of prepayments and serves as a written notification the account has been placed on a prepayment basis.

Changing From Prepayment Reporting Basis

- If the account meets the criteria for prepayment status, it will not be changed to a different reporting basis without good reason.
- Moreover any change would be temporary as all accounts (except those with BRP Code B) qualifying for prepayment are automatically placed on prepayment basis each January 1.
- If the account meets the criteria for EFT, the account may be removed from prepayment status only when the average sales tax liability for the prior 12 months drops below the $10,000 level and the taxpayer submits a written request to be removed from the EFT program. If the taxpayer does not make the written request, but remains below the $10,000 threshold, the account will remain in EFT status~~,~~; however the account will revert to a voluntary EFT account rather than a mandatory EFT account.

LATE APPLICATION FOR A SELLER'S PERMIT — PREPAYMENT ACCOUNT 235.015

IF THE SELLER APPLIES FOR A PERMIT PRIOR TO THE STARTING DATE, THE EFFECTIVE DATE OF THE PREPAYMENT STATUS IS ALWAYS THE DATE THE SELLER ACTUALLY STARTS BUSINESS.

~~Normally, s~~Sellers who qualify for a prepayment status and apply for a seller's permit after the date business started will be placed on a "regular" quarterly reporting basis and changed to prepayment status effective the first day of the succeeding quarter. However, they may be

placed on prepayment status immediately if:

- It would not cause the account to be delinquent, and
- The taxpayer agrees that no personal hardship would ensue.

~~Form~~ BOE–1241–D~~C~~, *Notice of Prepayment Status*, will be given to the taxpayer at the time of application showing the effective date of prepayment. The taxpayer should also be informed of the reason he/she was not placed on a prepayment status as of his/her starting date, if that is the case. The ~~online~~ registration system is date sensitive; therefore an account may initially be placed on a regular quarterly reporting basis while the prepayment indicator may be placed in the reporting basis field using a future effective date.

REPORTING BASIS GUIDELINES 235.025

Sales Tax Accounts

~~Sales tax accounts with start dates between July and December, which would qualify for yearly basis, should be assigned a fiscal yearly basis (F). Fiscal yearly accounts report on a fiscal year that begins July 1 and ends June 30 of the following year, with returns due on or before the last day of July following the close of the fiscal year.~~

~~Although t~~The following reporting basis guidelines should be followed~~establish most reporting bases~~, although BOE~~oard~~ staff~~personnel~~ should be flexible if taxpayers request an alternative reporting basis, with the exception of the Quarterly — Prepayment reporting basis~~ guidelines~~ which is set by statute. A taxpayer with a history of delinquencies or accounts receivable would not normally be placed on a less frequent reporting basis than indicated by the guidelines. ~~However, a taxpayer on a monthly reporting basis, for example, with a good payment record should not be automatically denied a request to report on a quarterly basis~~

Sales tax accounts with start dates between July and December that qualify for yearly basis, should be assigned a fiscal yearly basis (F). Fiscal yearly accounts report on a fiscal year that begins July 1 and ends June 30 of the following year, with returns due on or before the last day of July following the close of the fiscal year.

The monthly filing basis is not available for newly registered Sales and Use Tax Accounts, except in the following circumstances:

- If the taxpayer specifically requests to be placed on monthly reporting basis,
- If district staff believes there is a need to place the taxpayer on a monthly reporting basis because of a history of non-compliance, or
- It is a temporary account

GUIDELINES

Anticipated Tax Accrual PER MONTH	Assign Reporting Basis
$0 to $100	Y (Yearly) or F (Fiscal Yearly*)
$101 to $1,2~~3~~00	Q (Quarterly)
~~$301 to $1,200~~	~~M (Monthly)~~
$1,201 to $9,999	QP (Quarterly Prepayment)
$10,000 and over	QP (Quarterly Prepayment) ~~–~~Mandatory EFT

- *Sales tax accounts with start dates between July and December, which would qualify for yearly basis, should be assigned a fiscal yearly basis (F).*

ELECTRONIC FUNDS TRANSFER PROGRAM (EFT) 235.035

Under RTC section 6479.3, *Electronic Funds Transfer Payments*, the BOE implemented an Electronic Funds Transfer (EFT) process. The EFT Team in ~~the Return Analysis Unit~~RAU is responsible for any sales and use tax inquiries regarding the EFT program that the district offices cannot handle. The EFT Team may be contacted by:

1. Telephone at (916) 327–4229.
2. FAX at (916) 322–8457.
3. Email at RAUE-services@boe.ca.gov

Inquiries sent by U.S mail should be addressed to Board of Equalization, EFT Group, MIC:35, P.O. Box 942879, Sacramento, CA 94279-0035.

Payment Methods

The two methods routinely used for EFT payments are:

ACH Debit This method allows the taxpayer to transfer funds by authorizing the BOE to electronically debit the taxpayer's designated account for the amount that the taxpayer reported to the BOE for a specified period. This payment method is also available when a taxpayer files electronically on the BOE website.

ACH Credit This method allows the taxpayer to transfer funds by authorizing their financial institution to credit the BOE's bank account for the amount due for a specified period.

In addition to the ACH Debit and ACH Credit, a third EFT payment method called a "Fedwire" exists as well. The Fedwire transfers funds instantaneously but does not transfer data. The Fedwire is available as an EFT payment method **only** in emergency situations and **only** with the prior approval of the EFT Team.

Program Requirements

~~Effective January 1, 2006, t~~Taxpayers with average monthly sales and use tax liabilities of $10,000 or more are required to pay by EFT. Taxpayers with average monthly sales and use tax liabilities of less than $10,000 may request to participate in the EFT program on a voluntary basis by completing a BOE-555-EFT, *Authorization Agreement for Electronic Funds Transfer (EFT)*. (**Note**: ~~voluntary participants (~~accounts with TAT ~~"~~SC~~"~~ and ~~Account Characteristic~~ACC ~~"~~8~~")~~ are **not required** to ~~file~~ pay by EFT, even though these accounts may meet the mandatory EFT threshold.)

~~In 1993, taxpayers whose estimated monthly tax liability was less than $50,000 were able to participate in the EFT program on a voluntary basis with BOE approval by filing an authorization agreement with the EFT Team. Voluntary EFT filers were required to participate in the EFT program for a minimum of twelve months. Effective January 1, 2006 when the mandatory participation threshold was lowered to $10,000, the twelve-month requirement for voluntary EFT filers was removed. However, filing an authorization agreement is still required.~~

Once enrolled in the EFT program, all participants, mandatory and voluntary, must continue to

make their tax payments by EFT until they receive written notification from the BOE giving them an effective date to withdraw from the program.

The Revenue subsystem records in IRIS are reviewed annually to identify mandatory EFT participants. ~~When the~~As part of this annual review~~ for mandatory EFT participation is conducted~~, the IRIS system also identifies those accounts currently required to participate in the EFT process that have dropped below the mandatory participation threshold. To be considered for removal from EFT status, the account must average less than the threshold amount ($10,000) for twelve months. If this condition is met, the taxpayer will receive written notification that the account is being removed from mandatory EFT status. The taxpayer will have the option of remaining in the program as a voluntary participant or withdrawing completely. Requests to withdraw must be submitted in writing to the EFT Team.

Due Dates

The EFT program has no effect on the due date for filing tax returns. All tax returns must be filed electronically or postmarked on or before the due date specified. Taxpayers who participate in the EFT program, but have received an exemption from electronic filing, ~~and file on a prepayment basis~~ are not required to file prepayment forms. However, they must make sure to pay their prepayment amount via EFT prior to the prepayment due date to avoid being assessed a penalty.

Payments made using the ACH Debit system can be made on or before the period due date. If payment is reported on the period due date, it must be completed by 3:00 p.m. Pacific Time for timely transfer into the state's bank account. EFT payments under the ACH Debit system can be requested up to 60 days in advance of the due date and "warehoused" until the release date specified by the taxpayer.

Payments made using the ACH Credit system may take longer to process. Taxpayers should confirm with their financial institution when to initiate the EFT process so that the BOE's bank account receives the taxpayer's payment timely.

For an electronic payment to be timely, the transferred funds must transfer into the BOE's bank account by the first banking day following the tax due date. The IRIS Payment subsystem reflects both the effective date and the transfer date for EFT payments. This information is used to determine whether or not the payment was received timely.

Registration

~~Applicants for participation in the~~ EFT program participants must register by complete~~e~~ing a ~~Form~~ BOE-555-EFT, *Authorization Agreement for Electronic Funds Transfer*, and submit it to the EFT Team. These application forms may be obtained ~~from Publication 80, *Electronic Funds Transfer Program Information Guide*, the BOE's Supply Unit at MIC:10, or~~ on the BOE's website~~ located at http://www.boe.ca.gov/pdf/boe555eft.pdf~~. If approved, the taxpayer will receive a confirmation letter and further information regarding the payment method chosen.

Applicants choosing the:

ACH Debit~~.~~ Complete sections I and II of ~~Form~~ BOE-555-EFT and submit the form together with a voided check for the bank account from which the EFT payments will be debited. If the applicant is unable to provide a voided check, a bank specification sheet may be used instead. The specification sheet may be obtained by the taxpayer~~directly~~ from their~~ taxpayer's~~ bank.

ACH Credit~~.~~ Complete sections I and III of ~~Form~~ BOE-555-EFT.

Headquarters Responsibility
Each year, IRIS automatically generates the reports used by the EFT Team to conduct the annual mandatory participation review. Based on the review, Publication 159~~80~~-EFT, *eFile Guide for EFT Accounts,* is mailed to all the accounts that meet the EFT criteria along with a cover letter containing the EFT requirements and the amount of time within which to return the agreement.

The EFT Team will review the authorization agreements and then enter approved agreements into IRIS, which will generate a confirmation letter and reflect the EFT start date. The EFT Team will forward the authorized agreements to the Taxpayer Records Unit when all necessary action is completed.

District Responsibility
The following types of accounts will receive Publication 159~~80~~-EFT, *eFile Guide for EFT Accounts,* from the field offices when manually registering for a sales tax permit. All other accounts, including those that register electronically, will be identified for EFT registration through the annual participation review in Headquarters.

1. New successor accounts where the predecessor was on EFT as a mandatory participant and the successor purchased enough of the predecessor's locations to qualify as a mandatory participant who meets the minimum threshold requirements.
2. Ownership changes of substantially the same ownership, e.g., sole owner to corporation, if the prior account was on mandatory EFT.
3. Voluntary EFT taxpayers.

The field offices must notify the EFT Team immediately when items 1 and 2 above occur and supply both the taxpayer's name and account number along with the predecessor's name and account number.

EFT authorization agreements received in the field offices will be forwarded immediately to the EFT Team.

Applicant Responsibility
A new authorization agreement is required when there is a:

1. Change of payment methods (~~i.~~e.g., ACH Debit to ACH Credit).
2. Change of financial institution.
3. Change of designated bank account number.
4. Change of designated bank routing number.
5. Change of EFT contact person or telephone number.

The taxpayer must contact the EFT Team as soon as possible when making any of these changes.

System Information
When a taxpayer is participating in the EFT program, the following information will be available in IRIS on the Taxpayer Activity Registration System Account Inquiry (TAR AI) screen:

1. EFT Mandatory – Debit.
2. EFT Mandatory – Credit.
3. EFT Voluntary – Debit.
4. EFT Voluntary – Credit.

When a taxpayer is participating in the EFT program, the TAR AI screen will indicate an EFT identifier (>). The EFT Inquiry screen may be accessed by placing an "M" on the identifier. The EFT Inquiry screen contains basic information regarding the authorization agreement, EFT effective dates and EFT registration information. Banking information will be updated by the EFT Team upon receipt of a new authorization agreement when changes occur.

EFT payments will be posted on the Payment Subsystem in addition to the return information. To determine if a payment was made by EFT, you should go to the "PAY BA" screen or "PAY EA" screen. Place an "M" in the action field of the payment and press "Enter."

EFT comments may be accessed from the *EFT Inquiry* screen. If EFT comments are available, it will be noted in the upper right-hand corner of this screen. Information regarding explanation of penalty assessments, penalty relief requests, etc. may be found here. Only ~~the Return Analysis Unit~~RAU can update the EFT comments for sales and use tax accounts. The Property and Special Taxes Department can update special taxes account comments relating to EFT.

Penalties

RTC section 6479.3 limits the penalties imposed to a maximum of ten percent of the taxes due for any one tax return, exclusive of any prepayments. There are a ~~variety~~ number of ten percent penalties that may be imposed on a tax return. The following information explains the type and circumstances when penalties are assessed.

Failure to Pay Taxes by EFT

For taxpayers required to pay by EFT, payment made by *any* means other than EFT (i.e., cash, credit card, or check) is subject to a ten-percent penalty for the non-EFT payment. All payments against future return payments and prepayments that are not made through EFT are also subject to this penalty. Therefore, all return payments and prepayments must be made through EFT to avoid this penalty, except in the case of persons who do not meet the EFT requirements and voluntarily sign up to pay their taxes via EFT.

Failure to File a Timely Tax Return

If a return is not filed on a timely basis, even though the EFT payment may have been paid timely, a ten percent penalty on the taxes that are due for the reporting period, excluding prepayments, will be assessed.

Late EFT Payment

If the EFT payment (other than prepayments) is not timely, the taxpayer will be assessed a ten percent penalty and applicable interest charges.

Late EFT Prepayments

Under RTC section 6479.3, if a prepayment is not timely or is not remitted by the appropriate EFT method, but the prepayment is made on or before the due date for the quarterly tax return, the taxpayer will be assessed a maximum six percent penalty. For example, if a check is

received for the January prepayment after February 24 but prior to the first quarter (1st Qtr) tax return due date of April 30, a six percent penalty is assessed. If a timely prepayment is made by means other than EFT, a maximum six percent penalty is imposed. If the prepayment is made after the due date of the quarterly return, the taxpayer is assessed a maximum ten percent penalty.

Relief of Penalties

Since RTC section 6479.3 allows multiple penalties to be assessed to a taxpayer's account, e.g., failure to file timely and failure to pay by EFT, a taxpayer who requests relief from multiple penalties must provide a separate reason why relief should be granted for each separate penalty assessed. Taxpayers request relief by accessing the BOE website and submitting a request online. When the website is unavailable, they may complete~~using~~ ~~Form~~ a BOE-735, *Request for Relief from Penalty, Collection Cost Recovery Fee, and/or Interest,* to submit their request.

If the taxpayer indicates that payment by EFT was timely but the BOE's records show it was late, the taxpayer may file ~~Form~~ a BOE-129-EFT, *EFT Transmission Declaration*, certifying under penalty of perjury that the payment in question was transmitted on time. The~~Form~~ BOE-129-EFT can be found on the BOE website.~~is available at http://www.boe.ca.gov/pdf/boe129eft.pdf.~~

If ~~Return Analysis Unit~~RAU staff concludes that an EFT payment was timely, the account records will be adjusted to show that no late penalty or interest is due. It may be necessary to examine the taxpayer's books or bank statement to determine whether an EFT payment was transmitted timely.

Non-Payment Report

The EFT Non-Payment Report is generated automatically by IRIS on the fourth working day after the due date of the payment and can be viewed in the IRIS PAY DI screen. The EFT Non-Payment Report provides the in-state district staff with those accounts where a payment has not been received, as well as accounts that are missing prepayments and accounts with a return or returns that have not been filed.

The procedure for using this report is as follows:

1. ~~To d~~Determine if payment has been posted, check the account using REV FZ in IRIS.
2. ~~To d~~Determine if unapplied credits exist, check the account using DIF DA and/or PAY BU.
3. Check the EFT Comments screen to determine if the taxpayer has contacted the EFT Team regarding payment arrangements for the period in question.

If the taxpayer indicates payment has been made, it is possible that either the taxpayer or their bank has made an error on the addenda record, which is preventing the payment from posting to the proper account. The EFT Team will notify them of the type of error made when the EFT Team corrects the entry. If payment arrangements do not appear to have been made, the taxpayer should be contacted. If the taxpayer indicates payment has not been made, he or she should be instructed to do so immediately through the EFT program.

Occasionally an account may appear on the report but the payment is reflected when the

Revenue Subsystem (REV FZ) is checked and a ~~Return Analysis Unit~~RAU adjustment is indicated on the "REV SV" screen or the "REV RE" screen for that period. This will occur when the EFT Team has had to manually move the payment after the report was generated to the proper account because the addenda record was incorrect. No action needs to be taken on these.

When the taxpayer designates the prepayment period erroneously (~~i.~~e.g., prepayment 2 instead of prepayment 1), please notify the EFT Team by ~~utilizing Form BOE-103, *Adjustment Request Memorandum*.~~sending an email with the taxpayer's name, account number and description of the error to mailbox "SUTD-RAU Electronic Maintenance Requests."

When a taxpayer with multiple account numbers processes a payment under only one account number, please notify the EFT Team with the account number reflecting the payment and other accounts the payment covers.

Questions regarding this report should be directed to the EFT Team.

Non-Remittance Report

IRIS generates the EFT Non-Remittance Report on the twenty-eighth day of each month and notifies the EFT Team of those accounts that have filed a return where no remittance or a partial remittance has been received. The EFT Team reviews the list and attempts to match the payments that have not been properly posted to a taxpayer's account for the tax return in question. Accounts that appear to have a valid non-remittance or partial remittance for a return period are billed accordingly. Questions regarding this list should be directed to the EFT Team.

Miscellaneous

SC Accounts:

Certain SC accounts are not required to participate in the EFT program. Direct any questions regarding which SC accounts are involved to the EFT Team.

Tracing a Payment:

Occasionally, it may be necessary to trace an EFT payment. Taxpayers reporting through ACH Debit will be furnished with a reference number with each transaction. The taxpayer should contact the EFT Team with the reference number and other payment information for the payment in question and the EFT Team will work with the taxpayer and the BOE's bank to trace the date and time of payment.

Taxpayers reporting through ACH Credit must work directly with their bank to trace a payment. The EFT Team is not able to assist the taxpayer in these cases.

Zero Amount Due:

Although no tax may be due for a given period, an EFT transaction must still be made. The taxpayer should be instructed to indicate a zero dollar amount. For ACH credit accounts, a brief letter indicating no tax due for a given period may be faxed to (916) 322-8457.

First Payment:

When a taxpayer enters the EFT program, the first payment due after the effective date must be

made through EFT. For example, if the effective date ~~were~~ is January 1, 2014~~06~~, the first payment due through EFT would be the fourth quarter (4th Qtr) or December 2013~~05~~ return due on or before January 31, 2014.

Last Payment:

When an active account is removed from participation in the EFT program, the last payment due through EFT would include those periods due prior to the effective date of the change. For example, if the taxpayer is removed from the EFT program effective December 31, 2012~~05~~, the November 2012~~05~~ prepayment is the final payment due through EFT.

When an account participating in the EFT program closes out, the final return is due through EFT.

REGULAR REPORTING BASIS 235.065

Regular reporting basis is one that is concurrent with the calendar month, quarter or year. For example, the full month of January, the full first quarter of January, February and March or the full year, beginning January 1 and ending December 31.

A regular fiscal year basis is one that would begin July 1 of any year and end June 30 of the next year.

~~*(See CPPM Subsection 235.025.)*~~

SPECIAL REPORTING BASIS 235.070

Some sellers may request to report on a special basis. For example, instead of reporting for a calendar month of January, the seller may wish to report for the period December 27, 2012~~01~~ through January 26, 20~~02~~13. In this case, a special monthly basis may be assigned.

Special monthly, quarterly or yearly basis may be assigned to a seller. However, before this can be done, a request to be placed on a special reporting basis must be submitted to ~~the Account Analysis and Control Section~~RAU. A proposed two year reporting calendar must also be submitted for review. If approved, the special reporting calendar will be input in the ~~online~~ registration system so the taxpayer receives timely returns.

DIFFERENT CLASSES OF SALES TAX ACCOUNTS 240.000

OVERVIEW 240.005

Sales and use tax ~~Taxable Activity Type~~TATs allow both single outlet accounts, consisting of a single selling location, and multiple outlet accounts, consisting of two or more selling locations. Single outlet accounts are discussed in this subsection. Multiple outlet accounts, called "consolidated accounts," are discussed in CPPM ~~Subsection~~section 245.000.

SINGLE OUTLET ACCOUNTS 240.010

Four types of single outlet sales tax accounts exist:

1. Regular sellers, ~~Taxable Activity Type~~TAT~~ code~~ **SR**
2. Classified sellers, TAT~~Taxable Activity Type code~~ **SR**
3. Special sellers, ~~Taxable Activity Type code~~TAT **SR S**
4. Temporary sellers, ~~Taxable Activity Type code~~TAT **SR (ACC~~cct~~ ~~Char Code~~ 001)**

Regular Sellers, Classified Sellers and Special Sellers differ from each other only in the manner in which local tax is handled. Temporary Sellers differ from the other three in length of operation. A decision table to assist you in determining which ~~Taxable Activity Type~~TAT to use for single outlet sales tax accounts may be found in CPPM ~~S~~section 240.035.

REGULAR SELLERS 240.020

Single outlet accounts requiring no special allocation of local tax and no special or supplemental tax returns or schedules are considered regular sellers. These accounts constitute the majority of sales and use tax accounts administered by the BOE~~oard~~.

CLASSIFIED SELLERS 240.030

Classified sellers are single outlet sales tax accounts, but due to the nature of business, require special allocation of local taxes by the BOE~~oard~~. The BOE~~oard~~ has determined that classified sellers with local tax amounts less than $600 per year do not require special schedules or tax returns to be prepared by the taxpayer. The Local Tax is allocated based upon statistical analysis. Examples of "classified sellers" might include construction contractors, mobile auto repair facilities, vending machine owners, door to door sales, and persons who regularly conduct business in various temporary locations.

If an account originally coded as a classified seller increases in taxable sales volume beyond the $600 annual local tax threshold, the account becomes a Special Seller, and is required to break down sales by county. See CPPM ~~Subsection~~ section 240.040 for additional discussion of special sellers.

Classified sellers' permits are coded SR, with the third through fifth digits of the area code ending in "999." The "999" codes flag the account for further distribution of local taxes. For example, a classified seller in Ventura County would have an area code of 56–999–000–0000.

Additional discussion of specific types of classified sellers may be found in CPPM section 255.000, et seq.

DECISION TABLE — SPECIAL SELLERS, CLASSIFIED SELLERS 240.035

Single Outlet Codes for:
Area Code, Local Tax Code, Taxable Activity Type, Office Code

CONDITION	A	B	C	D	E	F	G	H
Auctioneer or Construction Contractor	Y	Y						
Itinerant Vendor or Vending Machine Operator			Y	Y				
Sellers who purchase ex-tax for use at locations not requiring a permit					Y			
Out-of-state seller with in-state business address*						Y	Y	
Seller located in fringe area**							Y	Y
Out-of-state or fringe area seller with NO in-state business address								Y
Local Tax LESS than $600 per year		Y						
Large scale business with installations in 2 or more counties			Y					
ACTION	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**
Enter Taxable Activity Type SR S	X		X		X		X	X
Enter Taxable Activity Type SR		X		X		X		
Third through fifth digits of area code are 999		X		X			X	X
Area code to in-state business location	X		X		X	X		
Use office code of OH, OHA, OHB, or OHC						X		X
Use office code of fringe area office								X
Use office code of in-state office responsible for business address							X	

For additional guidance for accounts with books and records out of state or in fringe areas see section CPPM section 270.000.

SPECIAL SELLERS 240.040

Special sellers, like classified sellers, are also single outlet accounts requiring further allocation of tax by the BOE~~oard~~. Special sellers:

- Require sales tax returns containing Schedule B, Allocation by County of Local Tax, normally due to local tax exceeding $600 per year.
- Special sellers' permits are coded SR S; it is this code which determines whether tax returns containing Schedule B are sent.
- Special seller taxpayers must complete Schedule B, detailing by county where taxable sales were made. These returns are then manually processed in Headquarters to further distribute local taxes.

Further discussion of special sellers may be found in CPPM ~~S~~section 265.000.

TEMPORARY SELLERS 240.050

Temporary sellers typically operate a selling operation with duration of one month or less.

- Examples of selling operations qualifying as temporary are Christmas tree lots, carnivals, rummage sales and fireworks stands.
- The BOE~~oard~~ may issue a temporary permit~~, however,~~ for up to 90 days if necessary.

Further discussion of temporary sellers may be found in CPPM ~~S~~section 250.000.

CONSOLIDATED ACCOUNTS — REGISTRATION 245.000

CONSOLIDATED ACCOUNTS DEFINED 245.005

A consolidated account is a sales tax account with two or more selling locations for which a single tax return is filed. No seller should be required to hold a consolidated permit if he/she prefers to file ~~a~~ separately ~~return~~ for each selling location.

MASTER LOCATION DEFINED 245.010

Consolidated sales and use tax accounts are issued to a "master location," which generally is the location of books and records necessary for audit. A master location does not necessarily need to be a selling location; hence a master location may be in one district, with all selling sublocations located elsewhere.

A master permit is only an authorization to file consolidated returns, not to make sales of tangible personal property. As stated in the previous paragraph, the master location of a consolidated account is generally the address at which the books and records necessary for audit are maintained. The location of an out-of-state accountant or bookkeeper, as is common in franchise operations, is not a master location.

If a sales location is also the master location, a sub-permit and a consolidated permit are required for that location. Because a master location may not have a permit as a place of business, enforcement or punitive measures regarding master locations may not be available to the BOE~~oard~~.

SR X Consolidated Accounts

~~Taxable Activity Type~~TAT ~~-~~ SR X is a consolidated account with all sublocations located within the same taxing jurisdiction. The master location for an SR X account may be in another district or another county, yet the tax area code will be shown for where the sublocations are situated.

For example, a taxpayer operates two sublocations within the city of Ventura, with a~~n~~ tax area code of 56020–000–0000, but books and records for audit purposes (master location) are in North Hollywood. The permit will be issued as follows:

Taxable Activity Type:	SR X
Master location:	North Hollywood
Office of control:	AC — Van Nuys (which has administrative responsibility for accounts in North Hollywood)
Area code on master:	56020–000–0000

See also CPPM ~~Subsection~~ section 230.030 for further discussion of area codes for SR X accounts.

SUBLOCATION DEFINED 245.015

A sublocation is one of two or more business locations from which sales of tangible personal property are made, and for which sales are reported under a single sales and use tax account number.

Sublocations are usually found with sales ~~Taxable Activity Types~~TAT codes SR X, SR Y and SR Z, but occasionally are found with temporary accounts SR (ACC~~T CHAR~~ 001). Sublocations ~~for~~

~~Taxable Activity Types~~ with TAT codes SR Y, SR Z, and (generally) SR (ACC~~T CHAR~~ 001) are not in the same taxing jurisdiction. Taxing jurisdiction includes a city, unincorporated county area, district, or redevelopment area, because each may receive a portion of taxes collected as a result of Bradley~~/~~ Burns Local Tax or statute. See also CPPM ~~Subsection~~section 230.030 for additional information.

PERSONS TO WHOM ISSUED 245.020

As a general rule, consolidated permits may be issued to sellers having two or more selling sublocations in one or more taxing jurisdictions, provided the district determines it is in the best interest of the taxpayer and the BOE~~oard~~. Those sellers who do not maintain their records in a manner enabling them to report conveniently on a consolidated basis should be encouraged to file separate returns even though they meet the requirements for being issued a consolidated permit.

CONSOLIDATED ACCOUNTS IN A SINGLE TAXING JURISDICTION 245.025

Consolidated accounts issued to persons having two or more locations within the identical taxing jurisdiction require no further allocation of local tax~~.~~ (~~(A~~accounts with the same 12–digit tax area code for all locations~~.~~). They are always assigned account numbers with the TAT~~tax~~ code SR X. Accounts coded SR X file a regular sales and use tax return with no special schedules. Once each year these accounts are sent a list of all locations of record and a letter requesting confirmation of existing locations. Also, taxpayers are requested to inform the BOE~~oard~~ of new or unlicensed outlets, or outlets which moved or closed out. (See CPPM ~~Subsections~~sections 245.010 and 230.030.) For temporary accounts TAT code SR (ACC~~T CHAR~~ 001), please refer to CPPM section 245.060.

REGULAR CONSOLIDATED ACCOUNTS REQUIRING LOCAL TAX ALLOCATION 245.030

Consolidated accounts issued to persons having locations in more than one taxing jurisdiction require further allocation of local tax. They are assigned account numbers with TAT~~tax~~ code SR Y or, as explained in the following section, SR Z. When filing returns electronically, the taxpayer will be required to designate sales made at each location. For those who file a paper return,~~In addition to the consolidated return, taxpayers receive~~ they will also be required to complete ~~Form~~ BOE–530, *Schedule C — Detailed Allocation by Suboutlet of Uniform Local Sales and Use Tax*, to provide for allocation of tax by sublocation. (See CPPM section 230.030.) For temporary accounts TAT SR (ACC~~T CHAR~~ 001), please refer to CPPM section 245.060.

CONSOLIDATED ACCOUNTS — SPECIAL SELLERS 245.035

TAT code SR Z ~~TAT~~ is a consolidated Special Seller (SR S) account. These are consolidated accounts issued to persons who are special sellers, as described in CPPM section 265.000 et seq., and have two or more locations. They are always assigned account numbers with the ~~tax~~TAT code SR Z. When filing returns electronically, the taxpayer will be required to designate sales made at each location. For those who file a paper return, they will also be required to complete~~. In addition to the consolidated return, these taxpayers receive~~ ~~Form~~ BOE–530, *Schedule C — Detailed Allocation by Suboutlet of Uniform Local Sales and Use Tax*, to provide for allocation of tax by sublocation. A schedule on the reverse side of the consolidated return provides for allocation of tax by counties.

CONSOLIDATED ACCOUNTS — ITINERANT VENDORS 245.040

Itinerant vendors in general are discussed in CPPM section 260.010.

Generally, an itinerant vendor will indicate an address where the books and records of the business are located and a location where most of their sales will take place. The question arises: "What happens when the location of the books and records becomes a selling location?" Whenever a particular location becomes a selling location, that place must be added to the account as a sublocation. This will cause the account to be changed from an SR account to an SR Y or SR X account.

Following are four examples that should help in determining proper account coding:

1. When an itinerant vendor, whose residence is listed as the original business location and whose local tax allocation is under $600 per year, decides to sell at a swap meet, the original business location will become Sub 0001 with a~~n~~ tax area code of XX999 and the swap meet location will become Sub 0002 using the specific tax area code for the swap meet.
2. When an itinerant vendor, whose residence is listed as the original business location and whose local tax allocation is under $600 per year, decides to open up a permanent retail location, the original business location will become Sub 0001 with a~~n~~ tax area code of XX999 and the permanent retail location will become Sub 0002 using the specific area code for that retail location.
3. An itinerant vendor whose local tax allocation is over $600 per year and all, or substantially all, sales are made in one county should be an SR account with a~~n~~ tax area code of XX999. If sales are made on a large scale in more than one county and the local tax is more than $600 per year, the account should be coded SR S with the area code of the permanent business address.
4. How should an account be coded when an itinerant vendor whose residence is listed as the original business location and whose local tax allocation is over $600 per year decides to open up a permanent retail location? If all, or substantially all, the vendor's operations are made in one county, Sub 0001, the original business location, will be coded XX999 and Sub 0002, the retail selling location, will be coded to the appropriate local area code and the TAT will be SR Y. The account will become an SR Z only if the local tax on itinerant sales are over $600 per year, and not generally confined to the county of residence.

APPLICATIONS — CONSOLIDATED ACCOUNTS 245.045

Generally, taxpayers register for new permits electronically on the BOE website, including those taxpayers with more than one business location. For those who are unable to register electronically, they will complete ~~Information recorded on~~ Form~~s~~ BOE–400–~~MIP and MCO~~SPA, *California Seller's Permit Application for ~~Seller's Permit~~Individuals/Partnerships/Corporations/Organizations (Regular or Temporary)*~~, is used to establish new consolidated accounts~~.

CONSOLIDATED ACCOUNT 245.050

Exact Location Verification

Many post office delivery areas overlap city and/or county boundaries. As a result, proper verification of the exact location of a sublocation in some areas is very difficult. For example, the city of Watsonville is an incorporated city within Santa Cruz County with tax area code

44052–041–0000. ~~Sales within the city of Watsonville are subject to a 8.25% sales and use tax rate.~~ Watsonville postal delivery also includes unincorporated portions of Santa Cruz County (44998–041–0000). Immediately across the Pajaro River to the south are unincorporated portions of Monterey County (27998–032–0000~~,7.25% tax rate~~) and San Benito County (35998–015–0000,~~ 7.25% tax rate~~) served by the same Watsonville post office. There are streets in all three counties that have same or similar names. A similar situation exists in Folsom (Sacramento, El Dorado, and Placer Counties); Thousand Oaks and Malibu (Ventura and Los Angeles Counties); and Los Gatos (Santa Clara and Santa Cruz Counties). The importance of accurate coding for sublocations has become even more important and cannot be overemphasized, and for this reason the "County" for each sublocation must be entered.

Not All Selling Locations in California

Sublocations must be located within California. Many consolidated accounts have sublocations in California, and also fill orders to California consumers from out-of-state locations. When this situation is encountered, the taxpayer becomes a "special seller" (See CPPM section 240.040 for the definition of "special seller"). No separate sublocation is established at the out-of-state location, but sales to instate consumers made from the out-of-state location must be reported~~,~~. ~~and l~~Local taxes plus any applicable district taxes must be allocated to the purchaser's county when filing electronically or for paper filers on ~~Form~~ BOE–531, Schedule B – *Detailed Allocation by County of 1% Combined State and Uniform Local Sales and Use Tax~~, of the sales and use tax return~~.* Use the ~~tax code~~TAT code SR Z for this type of account (SR Z ~~TAT~~ is a consolidated Special Seller ~~(SR S)~~ account). ~~Special returns containing Form BOE–531, Allocation by County of Local Tax will be sent.~~

Fiscal Impact of Errors

Errors in assigning tax area codes will result in the improper distribution of local tax revenues unless BOE~~oard~~ records are ~~timely~~ corrected prior to distribution of the tax. Such misallocations directly impact local government finances because the correct recipient is denied expected funds and the jurisdiction receiving the local tax in error may make important fiscal decisions based on overstated amounts. An improper distribution followed by a subsequent correction can have a material effect on the jurisdictions involved. For this reason, the importance of accurate coding cannot be overemphasized.

APPLICATION FOR TEMPORARY CONSOLIDATED ACCOUNT 245.060

When electronic registration is not available, ~~Form~~ BOE–400~~–MT~~–SPA is completed by taxpayers ~~prepared in conjunction with Form BOE-400-CS; Schedule of Branches for Consolidated Accounts,~~ in order to establish a temporary consolidated account.

- Use TAT code~~tax code~~ SR (ACC~~T CHAR~~ 001) for all temporary accounts (whether consolidated or not). Unlike consolidated ~~Taxable Activity Types~~TAT codes (SR X, SR Y, and SR Z), temporary consolidated accounts are treated like a single outlet temporary account.
  ~~The instructions for preparation of Form BOE-400-T, as provided in Section 250.000 et seq., will apply.~~
- The decision tables in CPPM~~ Subsection~~ section 245.075 and ~~S~~section ~~110.035~~120.005 of the Business Taxes Code Book do not apply to consolidated temporary accounts.
- For consolidated temporary accounts with books and records located in a fringe area or out-of-state, assign a~~n~~ tax area code for the master location as though the account was a single outlet account. Use the decision table in ~~S~~section

~~110.035~~120.010 of the Business Taxes Code Book to assist ~~you~~ in determining the proper tax area code.

- **IMPORTANT!** If providing paper returns, staff~~You~~ must furnish the taxpayer with ~~Form~~ BOE–530~~-A~~, *Schedule C — Detailed Allocation by Suboutlet of Uniform Local Sales and Use Tax*. See CPPM ~~Subsection~~section 510.070.

PERMITS FOR GASOLINE STATIONS OPERATED TEMPORARILY BY OIL COMPANIES 245.065

- Oil companies holding sub-permits for their service station locations will not be required to close out the sub-permit when a lessee takes over the operation of the location and obtains a permit.
- The oil companies may keep the sub-permit active to allow for their operation of the location in the event that the lease is terminated.
- The oil companies will include in their sales and use tax returns transactions for the stations they operate temporarily.

RETAILERS OF GASOLINE QUALIFYING AS RETAILERS UNDER SECTION 6015 245.070

A retailer of gasoline sold at markets and similar businesses may be approved to operate under RTC~~evenue and Taxation Code~~ section 6015.

- In such cases, the retailer is issued a consolidated permit with a sub-permit issued for each fixed location.
- The account is assigned the TAT code~~tax code~~ SR Y ~~as part of the account number to provide for mailing of Schedule C for~~so that proper allocation of local tax can be made.
- The operators at locations where the companies approved under section 6015 furnish gasoline will not be liable for, or required to include gasoline sales in their returns.

CONSOLIDATED ACCOUNTS — DECISION TABLE 245.075

CONSOLIDATED ACCOUNTS
(2 OR MORE BUSINESS LOCATIONS)

CONDITION	**A**	**B**	**C**
All business locations in a single taxing jurisdiction	Y		
Businesses located in 2 or more taxing jurisdictions		Y	
*Special Sellers reporting MORE than $600 in Local Tax per Year			Y
ACTION			
Enter Taxable Activity Type SR X	X~~1~~		
Enter Taxable Activity Type SR Y		X~~1~~	
Enter Taxable Activity Type SR S			X~~1~~
Area code to business locations	X~~2~~		
Third through fifth digits of Master area code are 000		X~~2~~	X~~2~~

*Auctioneer, Construction Contractor or Vending Machine Operator

For accounts where the master location is situated outside California see decision table at ~~S~~section ~~110.035~~120.010 of the Business Taxes Code Book.

TEMPORARY SELLERS 250.000

OVERVIEW 250.005

Temporary permits are issued to cover a selling operation of a temporary nature normally lasting no longer than 90- days at one location.

- These permits are usually issued for rummage sales, Christmas tree sales, fireworks salestands, carnivals, and similarly limited operations.
- Taxpayers, who hold seller's permits for permanent places of business, and also conduct operations of a temporary nature at places such as fairs or carnivals, are not required to hold separate subpermits for temporary operations. See also CPPM section 255.045.
- Holders of regular seller's permits should be instructed to report their sales on the return filed under their regular permit numbers and to attach Form BOE–530–A, *Schedule C*, to the return to provide a breakdown of the tax.

TEMPORARY SELLERS: BOOKS AND RECORDS OUT-OF-STATE 250.006

Taxpayers with TAT code SR S and an out-of-state district identifier, who make sales at an event in California for the first time will be issued a temporary permit. If the event location is a recurring location, the event location should be registered as the main business location and the district identifier will remain assigned to where the books and records are located. Temporary sellers whose books and records are located out-of-state will be issued accounts with the office of control determined in the same manner as a single location regular sales and use tax account.

The decision table in Ssection 110.035120.005 of the Business Taxes Code Book will assist you in determining the correct office of control.

TEMPORARY SELLERS — ONLINE REGISTRATION 250.010

Temporary sellers are registered in the same manner as "regular" sellers. The only difference is that when registering in the system manually, the dates of operation mustwill be entered into the system the step before account confirmation. This information will be used by the online system to generate a sales and use tax return for the proper monthly period. The return will act as the seller's permit card. Form BOE–442–ST will print for a temporary account and will have the valid start and ending dates entered.

In addition, a BOE–401–EZ is provided. If the account is consolidated, a BOE–401–A with BOE–530 schedule C is provided.

REGULAR SELLERS 255.000

OVERVIEW 255.005

Regular sellers are single outlet sales tax accounts requiring no further special allocation of local taxes by the BOE~~oard~~. ~~Regular sellers receive sales tax returns with no extra schedules for allocating local tax by county (Schedule B).~~ Examples of "regular sellers" might include part time sellers, service industries, single outlet retailers, and home businesses.

Regular seller's permits are coded with the TAT SR, with the third through fifth digits of the area code ending in numbers from "001" through "998".

CONCESSIONAIRES 255.010

For sales and use tax purposes, concessionaires~~,~~ are retailers who operate on another person's business premises. A concessionaire may or may not hold a seller's permit depending on the arrangements the concessionaire makes with the owner of the premises. Concessionaires who hold sellers' permits are liable for remitting tax along with filing a tax return.

If a concessionaire does not hold a permit, the permit holder for the premises upon which the concessionaire is allowed to operate becomes liable for all of the concessionaire's tax. Taxes generated by concessionaire sales should be reported and paid on the permit holder's regular sales and use tax return.

The permit holder (prime retailer) may be held jointly and severally liable for any sales and use taxes imposed on unreported retail sales made by the concessionaire~~s~~ if the concessionaire does not have a seller's permit for that location. Such a prime retailer will be relieved of his or her obligation for sales and use tax liabilities incurred by such a concessionaire for the period in which the concessionaire holds a permit for the location of the prime retailer or in cases where ~~the where~~ the prime retailer obtains and retains a written statement that is taken in good faith in which the concessionaire affirms that he or she holds a seller's permit with the BOE~~oard~~.

When concessionaires are found operating without a permit, the permit holder for the premises upon which concessionaire activities are occurring needs to be contacted and informed of potential or actual liability.

Reference: Sales and Use Tax Regulation 1699

SALESPERSONS AND~~,~~ ORDER TAKERS 255.020

Salespersons and solicitors who merely take merchandise orders, then turn the order over to their employer for filling and passage of title and possession to the buyer, are not considered retailers and do not require a seller's permit.

Order takers may accept down payments or collect on delivery, but if they do not acquire title to merchandise being sold or possession of property with authority to pass title, they are not required to hold a seller's permit.

Orders solicited in California for an out-of-state retailer who does not hold a Certificate of Registration — Use Tax, and who maintains no California place of business, must be reported by the solicitor or order taker on an information use tax return each quarter. Refer these cases, when discovered, to the Out-of-State District (District OH) for further investigation. Cases of this sort are rare because an out-of-state seller who has solicitors, salespersons or order takers in

California is required to hold a Certificate of Registration — Use Tax.

RTC ~~S~~section 6203 ~~of the Revenue and Taxation Code~~ defines "retailers engaged in business in this state"; therefore, BOE~~oard~~ personnel should be alert to recognize and report sales activities of representatives and solicitors of out-of-state retailers operating within their districts (retail sales only, as RTC ~~S~~section 6203 does not apply to sellers whose sales are all for resale). Such sales might be ~~called to the field's attention~~discovered through complaints of local retailers, ~~by~~ observation of the activities of sales representatives, examination of records of purchasers, and advertising placed in local newspapers. The most efficient enforcement program will be accomplished by individual initiative to follow through on promising leads to register the out-of-state seller.

The following sources of information, though not inclusive, should prove helpful in locating out-of-~~-~~state retailers who may be engaged in business in California:

- Truck, railroad, and airplane terminals,
- Public warehouses,
- State agencies, such as Division of Corporations, Franchise Tax Board, Consumer Affairs — Contractor's State License Board, Department of General Services — Office of Procurement, and Department of Food and Agriculture, or
- City Clerk's Office (Business Licenses)

HOBBYISTS AND PART-TIME SELLERS 255.030

Hobbyists, part-time sellers, or other persons who make sales or exchanges of property as a sideline activity are required to hold seller's permits if their sales are sufficient in number, scope and character to constitute an activity requiring a permit. As noted in CPPM section 230.060, part-time accounts are denoted in the system with an ACC of 2 and can only be applied to accounts on a fiscal yearly or yearly reporting basis. Permits that are coded as part-time (ACC 2) do not automatically become revoked for failure to file returns, unlike permits of full-time businesses. Because of this, there are specific guidelines for using the ACC 2 code when issuing a permit, regardless of whether applicants indicate their business is "part-time." The criteria for using ACC 2 are as follows:

- The business' gross receipts do not exceed $20,000 per year,
- The business' anticipated tax accrual does not exceed $100 per month,
- The place of business is closed during hours usually associated with their type of business,
- The business is not the operator's primary source of income, and
- The business operator is not an itinerant vendor assigned a countywide tax area code.

BARBER, BEAUTY SHOPS AND SERVICE BUSINESSES 255.035

Barbershops, beauty salons and other "service businesses" are consumers of tangible personal property~~, usually~~used incidentally ~~to~~ while providing their professional services. No seller's permit is required unless sales of cosmetics, wigs, or other retail items occur more than occasionally.

SWAP MEETS, FLEA MARKETS AND SPECIAL EVENTS 255.045

RTC section 6073 defines "swap meet, flea market, or special event" as:

1. An activity involving a series of sales sufficient in number, scope and character to constitute a regular course of business, or
2. Any event at which two or more persons offer tangible personal property for sale or exchange and at which either a fee is charged for the privilege of displaying such property for sale or exchange, or at which a fee is charged to prospective buyers for admission to the area where such property is offered or displayed for sale or exchange.

Special events include trade or specialty shows, fairs, festivals and similar limited term promotional events.

RTC section 6073 also requires event operators to obtain, before renting or leasing space to a person desiring to engage in or conduct business as a seller on premises owned or controlled by such operator either, of the following:

1. Evidence that the seller holds a valid seller's permit.
2. A written statement from the seller that he or she is not selling any tangible personal property that is subject to sales tax.

Form BCIA 56, *Swap Meet Vendor Information Report*, or ~~the BOE's Form~~ BOE-410-D, *Swap Meets, Flea Markets, Or Special Events Certification*, are used to collect information from sellers at these events. The Form BCIA 56 is a Department of Justice form created under Business and Professions Code section 21663. Completion of this form by an event operator constitutes compliance with the seller verification provisions of RTC section 6073. If Form BCIA 56 is not used, then the equivalent information may be obtained using ~~the BOE's Form~~ BOE-410-D.

In general, sellers at swap meets, flea markets and special events who sell tangible personal property at retail are required to obtain seller's permits and pay the sales tax on the~~ir~~ gross receipts from these sales. The only exceptions are:

1. Persons selling exempt food products not for consumption on the premises, such as fruits or vegetables.
2. Persons selling items that were purchased tax-paid from approved RTC section 6015 retailers, such as Avon, Tupperware, etc.
3. Persons who are "occasional sellers." Occasional sellers only include those persons whose sales are of such limited number, scope, and character that their activity does not require the holding of a seller's permit. For example, ~~A~~a person who is disposing of unwanted household items~~ normally accumulated in day-to-day living~~, ~~such as when cleaning out his/her attic or garage,~~ and does this no more than twice in any twelve month period, is considered to be an occasional seller. See Sales and Use Tax Regulation 1595 for further information regarding occasional sales.

The requirements of RTC section 6073 must be uniformly enforced; and the selling activities of itinerant sellers cannot be ignored. Conducting periodic investigations of these events on a regular basis encourages event operators to comply with the law and helps create uniformity in the BOE's dealings with them.

Field offices will identify swap meets and other special events operating within their geographic area of responsibility. Staff will take proper action to educate operators and sellers to assure compliance with the law, and will verify that sellers attending these events are properly registered. Cooperation with the operator is the most desirable method to reach individual sellers. Advance schedules of events should be obtained on a regular basis, and operators contacted to allow individual sellers sufficient lead-time to comply with BOE requirements.

Operators will be notified of the provisions of RTC section 6073 (~~Form~~ BOE–410–A, *Notice to Swap Meet Operators*, is recommended) and informed that permission to sell at the function should be refused to any prospective seller unless written verification of a valid seller's permit (or other appropriate certification) is obtained. ~~Form~~ BOE-410–B, *Notice to All Sellers (Permit Requirements)*, should be supplied for display on the premises during the event.

RTC section 6073 places additional record-keeping obligations on operators. Under this section, upon written notification to the event operator the BOE can require an operator to submit a list of vendors conducting business on the operator's premises as ~~a seller~~retailers. The BOE can impose this requirement up to three times each calendar year for each operator. (Refer to RTC section 6073 for the specific information authorized to be collected.) Records must be retained to the same extent as provided in RTC section 7053. Sales and Use Tax Regulation 1698, *Records*, sets forth the specific time-period to retain the records.

Failure by an operator to comply with either the seller verification provisions of RTC section 6073 or the list submission requirements will subject that operator to a one thousand dollar ($1,000) penalty for each offense, which is assessable by the BOE.

Out-of-State Retailers Who Participate in Convention or Trade Show Activities

If the following conditions apply to out-of-state retailers who participate in conventions and trade shows in California, they are required to collect and report tax only on sales of property at the trade show or convention or those resulting from orders that are taken at the trade show or convention:

1. Their only physical presence in California is to participate in convention and trade show activities; and,
2. They or their representatives do not participate in those convention and trade show activities for more than 15 days during any 12-month period; and,
3. They did not make more than $100,000 gross income from these activities in California during the previous calendar year.

Local Tax

When the operator of an event is an itinerant seller, the operator's account should be converted to consolidated, ~~tax code~~TAT code SR Y or SR Z, and a subpermit should be added for each location. The operator will then ~~receive Form BOE–530~~report tax for each location when filing returns electronically on the BOE website, or for taxpayers exempt from electronic filing, on~~,~~ BOE-530-*Schedule C - Detailed Allocation By Suboutlet of 1% combined State and Uniform Local Sales and Use Tax,~~Allocation of Local Tax by Sublocation~~*.

Taxpayers who hold a seller's permit for permanent places of business and also make sales at temporary locations, such as swap meets, flea markets, fairs, and other special events, are ~~not~~ required to hold separate or subpermits for those temporary sales locations. ~~Taxpayers should complete Form BOE–530–B, *Local Tax Allocation for Temporary Sales Locations* (Schedule C),~~

~~and file it with their sales tax return.~~ The local tax will be allocated when filing returns electronically, or reported on Schedule C when they file the return.

Comments should be entered in IRIS when the selling location of an event is added to the account. For uniformity, when entering the comments in the registration system (TAR subsystem) under the "Category" field, type or select from the F1 Help menu, "REGIS." In the "Subject" field type, "Event Location" and identify the sublocation number and type of event. For example, "Sublocation 3 - Flea Market" or "Sublocation 4 – Computer Show."

When registering temporary locations as sublocations, the taxpayer should be advised that if the permit is revoked there will be a $100 reinstatement fee assessed for each business location including temporary sublocations.

~~Proper allocation of local tax on the returns of swap meet sellers is an important concern. To provide a system for proper allocation of the local tax, a special account identification has been created. All sales tax accounts where sales at swap meets, flea markets, auctioneers and special events are planned should have the Acct Char Code 006. Accounts bearing the Acct Char Code 006 with the exception of SR Y and SR Z accounts, will receive Form BOE-530-B, *Local Tax Allocation for Temporary Sales Locations*. SR Y and SR Z accounts, which automatically receive Form BOE-530-B, should enter the local tax allocation on that form. Form BOE-530-B may be distributed directly to operators and cities to assure that all taxpayers required to file this form receive it.~~

~~"Recurring locations", those where sales are made at least once a year, will be added as consolidated sublocations to the affected permit. Form BOE-530-B provides check boxes to identify recurring locations. Accounts that indicate a recurring location on Form BOE-530-B will automatically be converted to consolidated accounts and have subpermits added in Headquarters.~~ Close out of sublocations and conversion of affected accounts from consolidated to single location will be performed in the field offices. Any questions that cannot be answered by field staff should be directed to the Local Revenue Allocation Unit~~Section~~.

Follow-Up

"Pre-working" of the event is effective only when adequate follow-up is maintained. Sellers' names and permit numbers should be obtained from the operator and verified against the registration file. If permits are found to be invalid, appropriate action will be initiated to secure compliance. The event should be spot checked to assure compliance of the operator and the attending sellers. Staff should be vigilant when looking for revoked accounts and accounts closed after revocation (close out code "8"). When encountered, the ~~district of control must~~assigned collector should be contacted to provide background and assistance. Under no circumstances should revoked or unpermitted sellers be ignored.

Determinations to Clear Delinquent Periods

Each district should establish a procedure to detect sellers that frequently obtain a temporary seller's permit, but fail to file returns. A check of the IRIS Registration database will indicate multiple ~~T~~temporary ~~Registrations~~permits with under which no returns were filed~~waived delinquencies (BOE-657's)~~. Such situations will be remedied by issuing determinations and withholding or refusing to issue a permit until the liability has been satisfied. Persons who excessively certify that they are occasional sellers should be ~~similarly~~ treated similarly.

CHARITABLE ORGANIZATIONS 255.050

Sales by charitable organizations are exempt from the sales tax if certain conditions are fulfilled. However, if the retail sales are made by an auxiliary entity, not a part of a~~the~~ qualified ~~parent~~ organization, and not in itself qualifying for exemption, the sales are subject to sales tax. Although a charitable organization's sales may be exempt from sales tax and property tax, they may still be subject to tax and fees under one or more Special Tax programs. Taxpayers should be referred to the Property and Special Taxes Department for more information.

Charitable organizations whose sales are exempt from sales tax are still required to hold a seller's permit.

The conditions that must be fulfilled for exemption are:

1. The organization must be formed and operated for charitable purposes, and must qualify for the "welfare exemption" from property taxation provided by RTC ~~S~~section 214~~ of the Revenue and Taxation Code~~.
2. The organization must be engaged in relief of poverty and distress.
3. The organization's sales or donations must be made principally as a matter of assistance to purchasers or donees in distressed financial condition.
4. The property sold or donated must have been made, prepared, assembled or manufactured by the organization.

Condition (~~a~~1) is fulfilled if the organization qualifies for the exemption provided in RTC ~~S~~section 214~~ of the Revenue and Taxation Code~~. This exemption must cover the real and/or personal property owned by the organization, and situated at the location from which sales are made. If the organization does not own the real property, it must qualify for exemption of the personal property at that location, i.e., inventory, furniture and fixtures, etc.

Organizations wishing to obtain the property tax exemption must first establish themselves as a "nonprofit organization" with ~~the Secretary of State~~SOS, and either FTB~~the Franchise Tax Board~~ or ~~the Internal Revenue Service~~IRS. Forms to apply for recognition as a nonprofit organization are available from the respective offices of these agencies. Next, they must apply for the "welfare exemption" through the County Assessor of the county in which the property is located by February~~March~~ 15 of each year. The County Assessor forwards the exemption claim to the BOE~~oard~~'s ~~Assessment Standards Division~~County-Assessed Properties Division where the claimant's organizational document, activities, and use of properties are reviewed. It is possible that a claimant's articles of incorporation, etc., would satisfy the statutory requirements but that the use of certain ~~of its property~~properties would be such that the property could not be exempted. If the property used at the location from which retail sales are made is not exempt, the organization cannot be granted the welfare exemption on that property or the sales tax exemption sales made at that location~~on that property~~.

The County-Assessed Properties Division ~~Assessment Standards Division~~ makes a decision and advises the applicant of status either on all or, if there is a difference in use, on individual properties. For more information about qualifying for the welfare exemption, see publication 149, *Property Tax Welfare Exemption*.

Organizations must qualify for property tax exemption every year. If a change in the articles of the organization or method of operation causes failure to qualify for the exemption in any year, sales will be subject to sales tax for that property tax year.

Charitable organizations applying for a sales tax permit should be advised of the exemption requirements. If the date is after the March 15 filing date for the year, they should be advised to make application to the County Assessor to determine whether they would be considered as qualifying. If they obtain a letter from the County Assessor or from the County-Assessed Properties Division~~Assessment Standards Division~~ stating that they would be qualified for the exemption, the BOE~~oard~~ can exempt them from payment of sales tax pending their qualifying at the normal filing time. (A similar letter should be obtained if an organization fails to make timely application in a succeeding year.)

If the organization is unable to obtain a letter from the County-Assessed Properties Division~~Assessment Standards Division~~, ~~advise~~ the organization's ~~their~~ sales will be subject to sales tax until the date they actually qualify for exemption. In the absence of proof of qualification for property tax exemption under ~~S~~section 214, the organization must understand that if the property tax exemption is denied at the regular filing time, they will be required to pay the tax and interest on sales retroactive to their starting date.

Conditions (~~b~~2) and (~~c~~3) are fulfilled if the primary purpose of the organization is to relieve poverty and distress and to aid purchasers by selling its property at reduced prices so as to be of real assistance to the purchasers. Incidental sales to persons other than indigents will not preclude the organization from receiving the benefits of an exempt organization.

Condition (~~d~~4) is fulfilled when the property is picked up at various locations and brought together (assembled) at one or more locations for purposes of sale, even though nothing further remains to be done to the property to place it in salable condition. Property is deemed "prepared" when it is made ready for sale by such processes as cleaning, repairing, or reconditioning. The fact that an organization otherwise fulfilling condition (~~d~~4) occasionally makes sales of new merchandise incidental to its principal activities will not result in tax liability on account of such incidental sales.

Any organization requesting a~~n~~ sales or use tax exemption should do so by letter as outlined in Publication 18. Exemption requests should be sent to the ~~Public Information and Administration~~ Compliance Program Analysis Section (CPAS).

TAX EXEMPTION FOR NONPROFIT ORGANIZATIONS DISTRIBUTING NEW CHILDREN'S CLOTHING WITHOUT CHARGE 255.051

Nonprofit organizations meeting certain criteria are exempt from payment of state, local, and district sales and use taxes imposed on the sale, use, or other consumption of new children's clothing which is distributed without charge to elementary school children. For the purpose of this exemption, nonprofit organization means an organization that meets the following criteria:

1. Is organized and operated for charitable purposes
2. Has exemption status under RTC ~~S~~section 23701(d)~~ of the Revenue and Taxation Code~~
3. Is engaged in the relief of poverty and distress
4. Distributes new children's clothing principally as a matter of assistance to recipients in distressed financial conditions

~~This Board has the responsibility to provide~~ The BOE is responsible for providing a means of identification to~~of~~ exempt nonprofit organizations. For this purpose, a tax exemption letter signed by the Deputy Director~~,~~ of SUTD~~ Sales and Use Tax Department~~ will be sent to

qualifying organizations. This tax exemption letter, when presented at the time of purchase, will permit purchases to be made without payment of sales or use tax.

Procedure for Obtaining a Tax Exemption Letter

Any nonprofit organization requesting an exemption should do so in letter form. District offices receiving exemption requests should forward them to the ~~Public Information & Administration~~CPAS ~~Section~~.

~~The Public Information & Administration Section~~CPAS will determine the eligibility of each applicant, and an exemption letter will be sent to those who qualify. The exemption letter is valid until revoked.

~~The Public Information & Administration Section~~CPAS is responsible for ensuring that each exempt nonprofit organization continues to meet the exemption criteria. BOE~~oard~~ records of organizations issued tax exemption letters will be reviewed each year to determine if the exemption should be revoked.

Information regarding any tax exemption issued may be obtained by a telephone call or letter to ~~the Public Information & Administration Section~~CPAS.

Refunds

Refunds of tax paid prior to receipt of the tax exemption letter should be obtained from the vendor. Vendors should be advised to file claims for such refunds with the ~~Headquarters~~Audit Determination and Refund Section.

EXEMPT YOUTH ORGANIZATIONS 255.052

RTC ~~S~~section 6361 ~~of the Revenue and Taxation Code~~ provides consumer status to any youth group sponsored by or affiliated with a qualified educational institution including, but not limited to, any student activity club, athletic group, or musical group provided the sales of food products, nonalcoholic beverages, and tangible personal property made or produced by their members are made on an irregular or intermittent basis and the profits are used exclusively in the furtherance of the purpose of the organization.

Section 6361.1 grants consumer status to organizations not specifically named in section 6361 or sponsored by or affiliated with a qualified education institution which (1) qualify for tax exempt status under ~~S~~section 501(c) of the Internal Revenue Code, (2) provide a supervised program of competitive sports or good citizenship for youth, and (3) do not discriminate on the basis of race, sex, nationality, or religion.

A qualified education institution is defined as:

1. Any public elementary, secondary, or vocational technical school providing education for kindergarten, grades 1 to 12, inclusive, and college or university undergraduate programs, or any part thereof, operated by any state or local government.
2. Any nonprofit private educational institution providing education for kindergarten, grades 1 to 12, inclusive, and college undergraduate programs, or any part thereof, that meets the requirements of the State Department of Education for a school. “Private educational institution” means any entity providing education which satisfies the requirements of state and local laws pertaining to private educational institutions

in effect on January 1, 1990, and which does not discriminate on the basis of race, sex, nationality, or religion.

Irregular or intermittent is defined as associated directly with a particular event, such as fairs, galas, parades, scout-a-ramas, games and similar activities that are not conducted on a regularly scheduled basis. That term includes refreshment stands or booths that are utilized at scheduled events of organized sports leagues, but does not include storefront or mobile retail outlets that ordinarily require local business licenses.

Presently, Little League, Bobby Sox, Boy Scouts, Cub Scouts, Girl Scouts, Campfire Inc., Young Men's Christian Association, Young Women's Christian Association, Future Farmers of America, Future Homemakers of America, 4–H Clubs, Distributive Education Clubs of America, Future Business Leaders of America, Vocational Industrial Clubs of America, Collegiate Young Farmers, Boy's Clubs, Girl's Clubs, American Youth Soccer Organization, the California Youth Soccer Association North, the California Youth Soccer Association South, Pop Warner Football, and the Special Olympics, Inc., are youth organizations considered consumers under ~~S~~section 6361. Other youth organizations which qualify for tax-exempt status under section 501(c) of the Internal Revenue Code, provide a supervised program of competitive sports or good citizenship for youth, and do not discriminate on the basis of race, sex, nationality, or religion may request consumer status. All questions regarding consumer status for youth groups should be directed to CTS~~the Public Information and Administration Section~~.

Inquiries about consumer status from youth groups should be answered with an explanation of the provisions of section 6361. Organizations continuing to make sales of non-consumer status items in sufficient size and scope may still need a seller's permit for those items.

School sponsored or affiliated organizations holding a seller's permit and selling only food products, nonalcoholic beverages, and tangible personal property made or produced by their members should be directed to call their local BOE~~oard of Equalization~~ office to close out their permits. A close-~~-~~out audit should not be recommended.

SALES OF FOOD PRODUCTS BY BLIND OPERATORS LICENSED BY THE DEPARTMENT OF REHABILITATION 255.055

Blind operators of cafeterias where the food is "furnished, prepared or served for consumption at tables, chairs, or counters, or from trays, glasses, dishes, or other tableware whether provided by the state agency or by the Department of Rehabilitation" will be required to have a seller's permit and the blind operator will report and pay the tax.

TEMPORARY RETAIL PERMIT (LIQUOR LICENSE) 255.060

The Department of Alcoholic Beverage Control (ABC) issues a temporary retail liquor license for a $100~~50~~ fee when ~~definite~~ specific conditions are met. The temporary liquor license shall be issued for a period not to exceed ~~60~~-120 days~~; however, the license may be renewed for an additional 60-day period upon payment of an additional fee~~.

The fee ~~is exempt from application~~cannot be applied to any sales or use tax liability owed by the person who paid the fee.

Applicants for a temporary retail liquor license must obtain a seller's permit. Consideration

should be given to security requirements, as the temporary retail liquor license does not have any security value.

Should the owner of a permanent liquor license begin the transfer process to a potential buyer and for some reason the transfer does not occur, the owner can be held liable if the potential buyer operated the business under a "management agreement". Under a "management agreement", the ownership does not actually transfer. The liquor license of the business stays in the transferor's name and ABC qualifies the manager since that person is responsible for day-to-day operations. ABC holds the owner responsible for the actions of its manager.

CERTIFICATE OF REGISTRATION – LENDER 255.070

A "lender" for purposes of this section is defined as a person who purchased an account receivable without recourse directly from a retailer who reported and paid the tax. "Without recourse" means the retailer has no obligation to reimburse the lender even if the lender cannot recover the full amount of the debt. RTC 6055 provides that either the retailer or the lender, per their agreement, may qualify to claim a bad debt deduction or file a claim for refund for those losses.

Only a person registered with the BOE as a lender may claim a deduction or refund for bad debt losses on purchased accounts. There is no charge to register nor will any security deposit be required. The lender must register electronically through the BOE website and must do so without regard to whether the lender is already registered with the BOE for another purpose. For example, a lender who holds a seller's permit must nevertheless register as a lender to claim a deduction or refund as a lender.

When the electronic registration system is unavailable and the lender is unable to wait for the system to become available, the lender must complete an application for a California Certificate of Registration - Lender (BOE-400-CSL). The district office will process the completed application and issue a BOE-442-L, *Certificate of Registration – Lender*. The district office will assign a TAT code SL to a lender who is not currently registered with the BOE. A lender who holds a seller's permit will retain its current TAT. To identify the account as a lender, the district office will assign an ACC of 20 to the existing account. If the lender has an existing account and electronically registers for the Certificate of Registration – Lender, an assignment will be created for district office staff to add the ACC 20 to the existing account. If a paper application is processed, the district office will forward the application and supporting documentation (if any) to the Taxpayer Records Unit.

Although the lender may have been operating prior to registering for a Certificate of Registration – Lender, permits are not to be issued with a start date beyond the three-year statute of limitations for filing a claim for refund, unless a valid waiver of limitation has been executed and is on file for prior periods.

After registering as a lender, the lender is required to file periodic returns (generally quarterly) even if it will report no tax and claim no deductible losses. Periodic returns, including a *Schedule L*, (BOE-531-L) and *Listing of City and Unincorporated County Codes for BOE-531-F, Schedule F and BOE-531-L, Schedule L* (BOE 531-FL1), will be mailed to the lenders. The lenders will use the Schedule L to make adjustments to the local or district tax associated with the bad debt deduction for the jurisdiction that originally received that tax from the retail sale of the financed property.

RAU is responsible for identifying taxpayers who have claimed the lender bad debt deduction on their returns to ensure such persons hold a Certificate of Registration – Lender, or are designated with ACC 20. When the taxpayer is not registered as a lender but claims a deduction for lender bad debt loss when filing a return or files a Schedule L with a paper return, RAU will contact the taxpayer to advise them the deduction is not allowable since the taxpayer is not registered as a lender entitled to the deduction. RAU will advise the taxpayer register electronically on the BOE website and apply for a Certificate of Registration -- Lender, and a Schedule L (if one was not received with the return). RAU will specify a reasonable amount of time in which the taxpayer must respond. If no response is received by the time specified, RAU will disallow the deduction. Lender returns which contain a bad debt deduction under Regulation 1642 but which do not result in a new credit return will be forwarded to RAU. Lender credit returns will be forwarded to the Audit Determination and Refunds Section for analysis and processing.

CLASSIFIED SELLERS 260.000

OVERVIEW 260.005

Classified sellers are single outlet sales tax accounts, but due to the nature of business, require special allocation of local taxes by the BOE~~oard~~. The BOE~~oard~~ has determined that classified sellers with local tax amounts less than $600 per year do not require special schedules or tax returns to be prepared by the taxpayer. (Local tax is 1% of taxable sales, therefore 1% of $60,000 in taxable sales is $600.) Local taxes are distributed using a mathematical formula. Examples of classified sellers might include construction contractors, mobile auto repair facilities, vending machine owners, door to door sales, and persons who regularly conduct business in various temporary locations.

Classified seller's permits are coded SR, with the third through fifth digits of the area code ending in "999". "999" codes flag the account for further distribution of local taxes. For example, a classified seller in Ventura County would have an area code of 56–999–000–0000.

ITINERANT VENDORS (TRAVELING PERMITS) 260.010

Persons who maintain no permanent place of business but carry their merchandise with them or solicit orders door to door are considered "itinerant." ~~Itinerant vendor permits are assigned business code 28.~~ Examples of itinerant vendors (sellers) might include lunch truck operators, retailers of service station supplies, or persons who travel from town to town selling where they can. Sellers should have the permit in their possession whenever making sales. (For temporary operations, see CPPM ~~S~~section 250.000.)

Exemption for Itinerant Veteran Vendors

RTC section 6018.3 provides that a qualified itinerant veteran vendor is the consumer of, and not the retailer of, tangible personal property owned and sold by the qualified vendor, except alcoholic beverages or items sold for more than one hundred dollars ($100). Qualified itinerant veteran vendors are not retailers and therefore do not need a seller's permit for such sales. To qualify under this section, all of the following conditions must be present:

- The person was a member of the Armed Forces of the United States, who received an honorable discharge or a release from active duty under honorable conditions; and
- The person is unable to obtain a livelihood by manual labor due to a service-connected disability; and
- The person makes such sales as a sole proprietor with no employees; and
- The person has no permanent place of business in this state

Coding Itinerant Vendors

Itinerant vendors are treated much like vending machine operators. (See CPPM ~~Sub~~section 265.040.)

- If all, or substantially all, sales are made in one county, regardless of local tax revenue involved, code the account SR and assign a countywide area code (XX–999).
- If the local tax is more than $600, and significant amounts of tax are generated in

more than one county, code the account SR S and assign the countywide area code (XX–999 XXX XXXX) for the location of books and records.

- Accounts located in fringe areas and out-of-state, regardless of volume, will have ~~Taxable Activity Type~~TAT SR S assigned, and will use an area code of 59–999 000 0000. This procedure applies only to these specific conditions.

The above criteria for determining ~~Taxable Activity Type~~TAT and tax area code will be applied to new accounts at the time of registration and to existing accounts as they are encountered during routine audit or compliance activities.

Mailing and Business Address

- The mailing address for a traveling permit holder should be one through which mail will always reach the taxpayer. This address should also be one at which the person may be contacted or at which someone will accept messages or know the person's itinerary.
- A post office box or mail drop location is not acceptable as a business address for instate accounts, but may be used for out-of-state accounts.
- The district in whose administrative area the permanent mailing address of the seller is located is responsible for all audit and compliance functions of this type of account.

~~Form~~ BOE–291, Information on Sales Made from Temporary or Traveling Location

To assist in controlling itinerant accounts, BOE~~oard~~ personnel will prepare ~~Form~~ a BOE–291, *Information on Sales Made from Temporary or Traveling Location*, for each traveling permit examined when checking fairs, carnivals, or other places where traveling sellers usually operate. After preparation and verification, ~~Form~~ the BOE–291 is forwarded to the district office responsible for the account.

~~Form~~ The BOE–291 is an excellent and effective tool for maintaining a high profile compliance image. Legitimate sellers almost always welcome permit checks that reassure them the BOE~~oard~~ wants all sellers treated equally. When preparing ~~Form~~ the BOE–291, the following steps are recommended:

a. Check the taxpayer's account on ~~video~~ the registration system as soon as possible.
b. Contact the district of control immediately if a problem is detected with the account.
c. With permission from the district of control, attempt to clear any problems and bring the account into compliance with the law.

These steps are necessary because many taxpayers have moved on by the time ~~Form~~ the BOE-291 is received by the district of control.

The district, upon receipt of ~~Form~~ the BOE–291, verifies that the permit is valid, and if a file exists, files the form for future reference in the account folder. When no file exists, the form should be sent to the Taxpayer Records Unit for filing. Use the ~~online~~ registration system to make a comment concerning the contents of the ~~Form~~ BOE–291. If the permit is not valid, immediate action is taken to properly register the seller. All districts are to cooperate fully when

requested by another district to aid in bringing an account into compliance with the law.

CONTRACTORS 260.020

General contractors or subcontractors who make improvements to real property and make sales of fixtures are required to hold a seller's permit.

Only those accounts reporting more than $600 in local tax a year are required to allocate the tax to counties. These accounts are assigned the TAT~~Taxable Activity Type~~ SR S as part of their account number to provide for mailing of the special schedule to assure that proper allocation of local tax is made.

Those accounts reporting $600 local tax a year or less are assigned the ~~Taxable Activity Type~~TAT SR as part of their account number and a countywide area code (XX–999 XXX XXXX).

Local Tax Allocation by Construction Contractors

Regulation 1806 provides that the jobsite is regarded as a place of business of a construction contractor or subcontractor and is the place of sale of "fixtures" furnished and installed by contractors or subcontractors. The place of use for the consumption of "materials" is the jobsite.

Since its inception, local tax generated by the sale or use of tangible personal property at construction sites has been added to the countywide unallocated pool as the most practical method for allocating tax to each jurisdiction.

The Board passed a resolution, effective January 1, 1995, which allows local tax from construction contractors to be allocated to the local jurisdiction of the specific construction jobsite. This is accomplished by a contractor or sub-contractor~~,~~ electing to obtain a sub-permit for the jobsite. The contracts or sub-contracts that are for $5,000,000 (5 million dollars) or more are eligible for this election. This qualifying contract price applies to each contract or sub-contract for work performed at the jobsite, and not to the total value of the prime contract.

The object of the resolution is to allocate local tax to the local jurisdiction where the jobsite is located. Registration area coding must be for the jobsite even if the project address is in another jurisdiction. Likewise, coding for a sub-jobsite of the prime project, even if the prime project location is in another jurisdiction, must be for the sub-jobsite location.

Conditions of the sub-~~-~~permit

- If the contractor elects to obtain a sub-permit for a jobsite, the sub-permit account indicator BC-IND should be marked with a Y.
- The estimated completion date of the contract is to be obtained at the time of registration. The sub-permit shall be closed-out by the district office immediately after the sub-permit is registered using a future close-out date of the estimated completion date of the contract, plus six months.
- The contractor's election to obtain a sub-permit for a jobsite is irrevocable and the sub-permit may not be cancelled or closed-out for the life of the construction contract.
- The sub-permit is subject to revocation action as provided by the Sales and Use Tax

Law.

- Permits should not to be issued to contractors who only install materials purchased in-state and are not normally retailers of materials. The resolution does not allow contractors to purchase tangible personal property for resale, including materials, which they will consume at the jobsite.
- Contractors may not purchase machinery and equipment to be used on the construction job without payment of sales tax in order to allocate the use tax to the specific jobsite.
- Regarding machinery and equipment sold by the contractor as part of the contract, local tax should continue to be allocated to the contractor's permanent place of business where the principal negotiations take place in accordance with Regulation 1802.
- Per Regulation 1806, local tax must still be allocated countywide for jobsites which have contracts of $5,000,000 or more where the contractor has elected not to obtain a sub-permit. However, if the election is made, no local tax will be reallocated for periods prior to the reporting period for the start date of the sub-permit. Sub-permits cannot be backdated.
- No documentation of the $5,000,000 contract price or value of work remaining is required to issue a sub-permit for a jobsite unless the value of the work appears to be substantially less than $5,000,000.

Explanation of Allocation Elections

Construction contractors may elect to allocate local tax to a specific jurisdiction when filing returns~~on Schedule C~~ by obtaining a sub-permit for a specific jobsite. If this election is not made, local tax will be allocated in the usual manner~~ by using Schedule B~~. ~~A copy of the attached notice should be discussed with the contractor, if possible, and handed out for all construction contractor sub-permits.~~ BOE~~oard~~ staff should not stress one election over the other.

SPECIAL SELLERS 265.000

OVERVIEW 265.005

Special Sellers are accounts with tax volumes sufficiently large or operations geographically diverse enough to require additional steps during return processing. Local tax must be allocated to cities and counties first ~~through~~ by determining where sales actually occurred, then, for sales made from traveling or itinerant locations or where point of sale cannot efficiently be pinpointed, allocation is performed on a statistical basis.

PERSONS QUALIFYING AS RETAILERS UNDER RTC SECTION 6015 265.010

For efficient administration of the law, the BOE~~oard~~ may declare certain sellers, wholesalers or distributors as retailers of their products even though they sell to salespersons, representatives or canvassers for resale to consumers. This is done so each of the salesmen, representatives or canvassers is not individually required to hold a seller's permit. Even though the wholesaler or distributor may or may not desire to be considered a retailer under RTC ~~S~~section 6015, the final decision in these matters rests with the BOE~~oard~~.

In order to assist the BOE~~oard~~, whenever a person indicates a desire or need to operate under ~~S~~section 6015, he/she should be instructed to submit a request in writing to the district or branch of control for the account.

Districts should submit a complete report with a recommendation to approve or deny placement of the account on ~~S~~section 6015 status. The report will be addressed to the ~~Planning, Evaluation & Technology Section~~Compliance Program Analysis Section (CPAS). When the request originates with the taxpayer, the letter of request should be attached to the district's report, and should contain the following information:

- Name of taxpayer.
- Principal place of business.
- Place of sale (see CPPM ~~Sub~~section 265.025).
- Account number.
- Products sold and manner of operation.
- Territory covered.
- Number of outlets or salespersons.
- Financial stability and security status (profit and loss statement).
- Estimated annual sales volume.
- Adequacy of records and their location.
- Name, address, and account numbers of all representatives. (If the 6015 requester is a large, established distributor/wholesaler, a random sample will be adequate.)
- Copy of the agreement/contract with distributors.

Two additional factors to be taken into account when the reports and recommendations are being completed and reviewed are:

1) To what extent does the wholesaler maintain control over the representatives?
   a) Is the representative handling only the product line of the 6015 requester?
   b) Is there a working contract?
   c) Product flow?
   d) Will all the representatives' sales be at retail?
2) If approved, could there be an excess tax reimbursement situation?
   a) Review product sold to ultimate retailer/consumer, and taxable/nontaxable sales.

The district's report and taxpayer's request are reviewed by ~~the Planning, Evaluation & Technology Section~~CPAS and directed to the ~~Program Planning Manager~~Tax Policy Division Chief for approval. After approval by the ~~Program Planning Manager~~Tax Policy Division Chief, ~~the Planning, Evaluation & Technology Section~~CPAS will send letters to the retailers notifying them of the disposition of their request. A copy of the taxpayer's notification will be sent to the district to make corrections to the account record, if applicable.

~~The Planning, Evaluation & Technology Section (PETS)~~CPAS will maintain a file on all approved section 6015 Retailers. ~~PETS~~ CPAS also enters~~inputs~~ the 6015 information in the ~~TAR on-line~~registration system for the account record. A list of 6015 retailers can also be found in Outlook under Public Folders (go to: Public Folders> All Public Folders> CBOE> SUTD> 6015).

RESCISSION OF BOARD'S APPROVAL TO ~~OPERATE UNDER SECTION 6015~~265.020 OPERATE UNDER RTC SECTION 6015

If a request is made by the taxpayer to be removed from the status of a retailer under RTC ~~S~~section 6015, or the district determines that the taxpayer's operations have materially changed and are no longer compatible with ~~S~~section 6015, the procedure is as follows:

1. The district of control will submit a complete report with a recommendation to terminate authorization of the seller to operate under RTC ~~S~~section 6015. The report will include:
   a) The name, address and account number of the seller~~.~~,
   b) A list showing the name and address of former agents and representatives~~.~~, and
   c) The reason(s) for the recommendation.
2. When the request has originated with the taxpayer, a copy of the taxpayer's letter of request together with the list of agents should be attached to the district's report. The report will be sent to ~~the Planning, Evaluation & Technology Section~~CPAS.

The district's report and taxpayer's request will be reviewed by ~~the Planning, Evaluation & Technology Section~~CPAS and directed to the ~~Program Planning Manager~~Tax Policy Division Chief for approval. After approval by the ~~Program Planning Manager~~Tax Policy Division Chief, ~~the Planning, Evaluation & Technology Section~~CPAS will send letters to the retailers notifying them of the disposition of their request. A copy of the taxpayer's notification will be sent to the district to make corrections to the account record, if applicable.

CODING FOR RETAILERS UNDER RTC SECTION 6015 265.025

Changes to the section 6015 program became effective July 1, 1990, and special coding to

reflect itinerant status of retail salespersons, canvassers and agents was rescinded. Regulation 1802 was amended at the same time.

- RTC ~~S~~section 6015 sellers with a single in-state location will be assigned ~~Taxable Activity Type~~TAT ~~"~~SR,~~"~~ and the tax area code will be that of the business location of the retailer, regardless of where door to door solicitations of orders occur.
- The regulation provides that the "place of sale" shall be the business location, other than door to door solicitations of orders, where principal negotiations are conducted if more than one place of business participates in the sale.
- In the case of door to door sales, the customer does not negotiate with anyone other than the sales representative (i.e., no principal negotiations are conducted exclusive of door to door solicitation of orders). Therefore, in order to avoid confusion, simplify the requirements imposed upon retailers, establish certainty, and recognize the amount of services provided by local governments, the location from which the merchandise is shipped will be considered the business location which is the "place of sale" when the property is shipped from a location in California.
- If the retailer has a single business office in California but all merchandise is shipped from an out-of-state location, the location of the business office will be considered the "place of sale."
- If the retailer has more than one business office in California, but all merchandise is shipped from an out-of-state location, the business office in California which receives the order for merchandise and/or directs the activities of the sales representatives who make the sales will be considered the "place of sale".
- If the retailer has neither a business office nor a location from which merchandise is shipped in California, sales will continue to be allocated to the county of use, which is considered to be the county in which the sales representative operates.

Transaction Taxes

Changes to Regulation 1802 have no effect on the reporting requirements for the Transaction (Sales) and Use Tax. RTC ~~S~~section 6015 retailers will continue to report and pay transactions (sales) and use taxes on sales made within districts (See CPPM section 215.030). Likewise, they must collect and remit use tax when property is sold or leased for use in the district, if the property is shipped into or leased for use in the district, or the retailer or his/her representatives has participated within the district in making the sale.

~~See the decision table below.~~

Section 6015 Decision Table

Condition	A	B	C	D	E	F
Taxpayer has one distribution location in California	Y					
Taxpayer has both in-state and out-of-state distribution locations from which sales to in-state distribution/salespersons are made		Y				Y
Taxpayer has NO in-state distribution locations			Y			
Taxpayer has more than one distribution center. All distribution centers are located in the SAME local tax jurisdiction					Y	

Taxpayer has more than one distribution center in MORE THAN ONE local tax jurisdiction				Y		Y

Action	A	B	C	D	E	F
Assign Taxable Activity Type "SR"	X~~1~~	X~~1~~				
Assign Taxable Activity Type "SR S"			X~~1~~			
Assign Taxable Activity Type "SR X"					X~~1~~	
Assign Taxable Activity Type "SR Y"				X~~1~~		X~~1~~
Use area code of in-state warehouse or distribution point	X~~2~~	X~~2~~			X~~2~~	
Use area code "59-999"			X~~2~~			
City portion of code "000"				X~~2~~		
Retailer reports local tax to in-state jurisdiction of California location from which property is shipped	X~~3~~	X~~3~~		X~~3~~	X~~3~~	X~~3~~
Retailer allocates local tax to county in which agents operate. Allocation is made on schedule B of tax return			X~~3~~			
Retailer allocates local tax on property shipped from out-of-state to in-state office which receives order or directs activities of agents		X~~3~~				X~~3~~

LEGEND [Y] **= YES** [ ] **= NO** [X] **= ACTIONS TO TAKE**

AUCTIONEERS, OUT-OF-STATE RETAILERS, AND PURCHASERS 265.030

The Auctioneer and Auction Licensing Act, commencing with Section 5700 of the Business and Professions Code, provides that the applicant for an auctioneer's license must show proof that the auctioneer~~,~~ or the auctioneer's employer holds a valid seller's permit issued by the ~~State Board of Equalization~~BOE, if applicable.

Persons making sales at auction, either at a permanent place of business or on the premises of their clients, whether of their own merchandise or that of their clients, must report and pay the tax due on their returns filed under their own permit numbers. Auctioneers who have a permit for a permanent place of business are not required to secure separate permits for each sale they conduct away from the permanent site. If, however, sales at other locations will extend over a period of more than 30 days, a separate permit or sub-permit should be issued to that site.

Following are some basic rules to determine whether or not the account qualifies as a special seller with the ~~Taxable Activity Type (~~TAT~~)~~ SR S:

- Auctioneers who regularly conduct auctions at places other than their permanent place of business are assigned the TAT SR S.
- Auctioneers who regularly conduct auctions at places other than their permanent place of business, and those sales extend over a period exceeding 30 days will be assigned a consolidated account with TAT SR Z and separate sub-permits for each sales location.
- Auctioneers who occasionally hold auctions at other than their permanent place of business and who report local tax of $600 a year or less are not required to provide a county breakdown of the local tax and are assigned the TAT SR.

- Auctioneers who conduct sales of thoroughbred horses at race tracks on a recurrent basis will be issued a permit for the race track location coded to the taxing jurisdiction in which the race track is located with ~~an~~ TAT SR ~~TAT~~ unless a consolidated permit would be more appropriate.

Local Sales and Use Tax Allocation for Transactions over $500,000

Regulation 1802, *Place of Sale and Use for Purposes of Bradley-Burns Uniform Local Sales and Use Taxes*, has been revised as it relates to the allocation of local sales tax for certain sales by auctioneers and to the allocation of local use tax for large sales transactions by out-of-state retailers and large purchases by permit holders.

- Auctioneers are required to allocate the local sales tax to the local jurisdiction of the auction site, for auction events with aggregate taxable sales of $500,000 or more.
- Out-of-state retailers registered to collect sales and use tax, except TAT SC voluntary accounts, are required to ~~allocate~~ report the local use tax to the local jurisdiction of the first functional use of the property for taxable transactions of $500,000 or more when the order for the property is sent by the purchaser directly to the retailer's out-of-state location and the property is shipped directly to the purchaser in this state from a point outside this state.
- Permit holders who make a purchase of $500,000 or more without payment of the sales or use tax to the vendor are required to allocate the local use tax to the local jurisdiction of the first functional use of the property.

Registration and Reporting Requirements

Auctioneers must ~~use Form BOE-530-B, *Local Tax Allocation for Temporary Sales Locations and Certain Auctioneers,* to~~ allocate local sales tax for auction events with taxable sales in an aggregate amount of $500,000 or more when they file their returns. For taxpayers who received an exemption from electronic filing, BOE-531, Schedule B – *Detailed Allocation By County of 1% Combined State And Uniform Local Sales And Use Tax* will be used to allocate the local tax.

Purchasers and out-of-state retailers, as outlined above, are required to use ~~Form~~ BOE–531–F, Schedule F — *Detailed Allocation By City of 1% Uniform Local Sales and Use Tax*, to allocate the local use tax to the local jurisdiction of the first functional use of the property. Functional use means use for the purposes for which the property was designed. Location of first functional use should be documented unless it is the place of delivery. Sellers and purchasers who meet the $500,000 criteria should be coded with ~~account characteristic code~~ACC 12 ~~on~~ in the ~~R~~registration system~~File~~. ~~These sellers and purchasers will receive a Schedule F, BOE-531-F, with their return.~~

~~Functional use means use for the purposes for which the property was designed. Location of first functional use should be documented unless it is the place of delivery.~~

Auctioneers, sellers and purchasers who do not meet the $500,000 criteria will continue to allocate the local use tax to the county place of sale when filing electronically, or by using Schedule B when filing paper returns. Therefore, it may be necessary for certain auctioneers, sellers and purchasers to use two different schedules to allocate local tax.

~~**Registration**~~

~~Auctioneers — Districts are to assign account characteristic code 006 to qualifying~~

~~auctioneers. Also, form BOE-530-B should be given to the new auctioneer registrants. The account should be assigned account characteristic code 006 to auctioneers who meet the $500,000 criteria.~~

~~Purchasers and out-of-state retailers — New registrants who may be candidates for this reporting requirement should be asked if they plan to make any sales or purchases of $500,000 or more. New accounts registered within the period when returns are to be manually furnished should also be furnished a Schedule F. The account will be reviewed and assigned an account characteristic code 12 in the account's registration record.~~

~~*Reference: Operations Memo No. 1051*~~

VENDING MACHINE OPERATORS 265.040

Considered Consumers

- Any vending machine operator is a consumer of, and shall not be considered a retailer of, food products that sell at retail for 25 cents or less and which are actually sold through a vending machine.
- Nonprofit PTA and equivalent organizations and nonprofit library support organizations are consumers of all tangible personal property sold through a vending machine, regardless of price.
- Library districts, municipal or county libraries and their contracted vendors are consumers of photocopies sold through coin operated copy machines located at a library facility, regardless of price.

Considered Sellers

- Any person other than the above who makes sales of taxable property through vending machines is required to hold a seller's permit and report and pay tax on the gross receipts of sales made through the machines.
- One permit is sufficient for all the machines of one operator; however, each of the permit holder's machines must be labeled to reflect the operator's name, business address and seller's permit number.
- It is presumed that sales of tangible personal property through vending machines are made on a tax-included basis.

~~**Tax Included Sales**~~

- ~~Sales will be regarded as having been made on a tax included basis if a statement in substantially the following form is affixed: "All prices of taxable items include sales tax reimbursement computed to the nearest mill."~~
- ~~If more than one vending machine is located at the same place, a clearly readable sign containing the above statement may be placed near the machines instead of having to place the statement on each vending machine.~~

~~*Reference: Regulation 1574*~~

Coding

- The TAT SR is assigned when the operator's installations are all, or substantially all, located in one county irrespective of the volume of local tax revenue involved. These accounts are assigned the countywide area code for the county in which the

operator's place of business is located (first five digits end "999").

- The TAT SR S is assigned when the operator is doing business on a large scale with significant amounts of tax generated in two or more counties. These accounts are assigned the area code for the place of business. (See CPPM ~~Sub~~section ~~-~~230.030.)

~~*Reference: Section 6359.45, section 6370.4, and section 6021 R & T Code*~~

RETAILERS ENGAGED IN INTERSTATE COMMERCE 265.045

In general terms, a ~~n~~sale in interstate commerce ~~sale~~ is ~~a sale~~one in which the goods are delivered from out~~-~~-of~~-~~-state inventory directly to the California consumer with title passing out~~-~~-of~~-~~-state. Such transactions are exempt from sales tax, but are subject to use tax due from the purchaser.

Even a sale that is negotiated at a California sales office may be a sale in interstate commerce if delivery is made from an out-of-state stock of goods and title to the goods passes out~~-~~-of~~-~~-state. If the retailer ships by means of a common carrier, title is presumed to pass upon delivery of the goods to the carrier (out-of-state) unless there is an explicit agreement to the contrary (see Regulation 1620).

Registered California retailers are required to collect the use tax due from their customers on interstate commerce sales and remit it to the BOE~~oard~~ with their returns. These accounts are coded ~~Taxable Activity Type~~TAT SR S or SR Z when the local use tax exceeds $600 per year. The local use tax must be allocated to the place of delivery.

SELLERS PURCHASING EX-TAX FOR USE AT LOCATIONS NOT REQUIRING A PERMIT 265.050

Sellers who have permits issued for their places of business but who make ex-tax purchases of tangible personal property out~~-~~-of~~-~~-state and make use of the tangible personal property at some location where no seller's permit is required are considered to be special sellers with the ~~Taxable Activity Type~~TAT SR S.

An example of such a seller would be a roofing contractor with a permit at his or her place of business for over-the-counter sales, but who makes purchases of shingles ex-tax from out~~-~~-of~~-~~-state and installs the shingles at various locations throughout the state, thus requiring a special allocation of the local tax.

VEHICLE DEALER ACCOUNTS – USED 265.053

Sellers of motor vehicles are required to hold a vehicle dealer's license issued by DMV. As a prerequisite to obtaining such a license, the dealer is required to hold an active seller's permit. Applicants will generally register online through the BOE website. If a seller's permit application is submitted by used car dealers for manual registration, the application must be provided to a Compliance Supervisor or his/her designee for review. Review of the applications is intended to ensure applicants provide complete information on the application, determine whether a security deposit should be required under existing policy, and to identify when a transfer or change of ownership may be under questionable circumstances.

Vehicle dealers must meet specific requirements in order to obtain a dealer's license. The requirements vary based on the type of license, (e.g., new car, used car, wholesale, broker). For example, new and used car dealers must have a physical selling location, including a sales office, display lot and signs. Although BOE staff should not attempt to administer the laws,

regulations, and polices of DMV, having basic knowledge of DMV's licensing requirements may help identify questionable situations which may warrant further review by BOE. For example, instances where a taxpayer states on their seller's permit application that they will be selling used cars, but the selling location is a residence address and not a business address. Detailed information regarding dealer licensing requirements can be found on DMV's website at http://www.dmv.ca.gov/vehindustry/ol/ol_handbooks/ol248.pdf.

In addition to reviewing the application, compliance staff should generally make a field call as soon as possible after the taxpayer's business operations begin with the intent to determine the following items:

1. Overall size of the business (e.g., the number of vehicles the business location can accommodate).
2. Number, type, and source(s) of vehicles in inventory (e.g., auction house, prior business owner).
3. Details regarding how the new owner obtained the business, especially if a prior business operated at the same location and that business has an existing or pending liability. A copy of the sale agreement should be reviewed.
4. Names/locations of finance companies used by the taxpayer to finance vehicles sold.

Pertinent information regarding the application review and field call must be documented in the system comments.

DMV Notification

The DMV should be notified in instances where BOE's registration information for a taxpayer differs from that identified on the taxpayer's vehicle dealer's license and where BOE's information has been confirmed to be correct. DMV should also be notified of all instances where a taxpayer no longer holds an active seller's permit, but where the taxpayer's vehicle dealer's license remains active. Staff should send BOE-215, *DMV Referral, Dealer's License Issue,* to notify DMV of any discrepancies. The completed letter must be reviewed and signed by a District Administrator, District Principal Compliance Supervisor, or their designee. Approved letters must be forwarded to DMV's Occupational Licensing Inspection Program Manager along with printouts of any pertinent registration screens.

VEHICLE LESSORS 265.055

Certain Vehicle Lessors ~~Effective January 1, 1996~~

~~Effective January 1, 1996 c~~Certain vehicle lessors are required to allocate the local use tax collected on vehicle leases to the business location of the dealer from whom the lessor purchases the vehicle. Lessors required to allocate local use tax in this manner do so when electronically filing their sales and use tax return, or for paper filers by using Schedule F – *Detailed Allocation By City of 1% Uniform Local Sales And Use Tax* provided with their sales and use tax return.

Vehicle Lessor ~~Identification Field (TAR On-Line~~ Registration~~)~~

In order for vehicle lessors to receive a Schedule F they must have an ACC ~~cct Char Code 00~~9 in the ~~TAR on-line~~ registration system. Only those vehicle lessors that are required to file a Schedule F should have this ~~Acct Char Code~~ACC ~~Taxable Activity Type~~ for Vehicle Lessors.

- Vehicle Lessors should ~~be~~have the TAT of either SR S or SR Z. ~~Taxable activity type~~ SR Z is assigned to lessors who have multiple places of sale locations that are

not all in the same local tax jurisdiction.

- The ~~taxable activity type~~TAT SR or SR Y is assigned to new motor vehicle dealers who lease vehicles from their own inventory. Effective January 1, 1996,~~1/1/96~~ these dealer/lessors are no longer classified as special sellers and their place of business is the place of use for reporting the local use tax on leases of their own vehicles.

~~*Reference: Operations Memo No. 1036*~~

WINEGROWERS 265.060

Both in-state and out-of-state winegrowers who are authorized to sell and ship wine directly to California consumers are required to obtain a "wine direct shipper" permit from the Department of Alcoholic Beverage Control. In addition, these sellers must also register with BOE and obtain a seller's permit or *Certificate of Registration – Use Tax*, even if the out-of-state winegrower is not otherwise engaged in business in California pursuant to RTC section 6203.

The regular provisions of the Sales and Use Tax Law, Uniform Local Sales and Use Tax Law, and Transactions and Use Tax Law apply to winegrowers' direct sales of wine to consumers. If an out-of-state or in-state winegrower delivers the wine by common carrier inside a special tax district, generally the winegrower is not liable for the district tax. However, if the winegrower is engaged in business in the "shipped to" special district, it is required to collect the district use tax.

In addition, if the out-of-state winegrower's home state imposes a sales tax or other non-qualifying tax on the winegrower rather than on the consumer, RTC section 6406 provides no relief for the out-of-state winegrower with respect to its use tax collection obligations in this state.

SALES TAX ACCOUNTS WITH RECORDS OUT-OF-STATE 270.000

GENERAL 270.010

Persons who maintain a place or places of business in this state, but whose books and records necessary for audit are located out of state should be controlled by the out-of-state district or fringe area district where applicable. (See Business Taxes Code Book ~~S~~section ~~110.035~~120.000 for fringe area coding guidelines). Persons remaining in California but using the services of an out-of-state accountant or bookkeeper should have an office of control based on their in-state location. In addition, an accountant's mailing code will be assigned if the conditions set forth in CPPM ~~Sub~~section 230.080 are satisfied.

Single outlet out-of-state accounts with a place of business in this state are assigned TAT SR ~~Taxable Activity Type code~~, or if temporary, SR (ACC~~T CHAR 00~~1). For other coding in conjunction with out-of-state accounts see Business Taxes Code Book ~~Section~~ section 120.000~~110.035~~ (See CPPM ~~Sub~~section 215.040 for Certificate of Registration — Use Tax guidelines.)

DISTRICT REPORT ON OUT-OF-STATE ACCOUNT 270.020

Information concerning the district report on out-of-state accounts will be entered via the ~~online~~ registration system. ~~You will find a~~A field titled "Out of State~~:~~" is at the bottom of the "Taxpayer Information Screen" (F10 info function key) of the ~~online~~ registration system. Information to be entered in this field consists of information on records maintained at an out-of-state location and information on records maintained in California. Once information is entered in the "Out of State~~:~~" field, a "greater than" sign will appear on the line next to the field title. The Out-of-State District has responsibility for both audit and compliance functions and is the district of control except for fringe area accounts. (See CPPM ~~Sub~~section 270.080.)

Temporary accounts, ~~Taxable Activity Type~~TAT SR (ACC~~T CHAR 00~~1), do not require entering information in the "Out of State~~:~~" field, however, the information in that field could be helpful at a later date.

PURPOSE OF THE DISTRICT REPORT ON OUT-OF-STATE ACCOUNTS 270.030

The primary purpose of the district report on out-of-state accounts is to provide the Out-of-State District audit staff with information not otherwise readily available. This screen is used as an aid in audit selection, and is also used by the out-of-state auditor in preparing to audit an account.

USE OF THE DISTRICT REPORT ON OUT-OF-STATE ACCOUNTS BY THE OUT-OF-STATE DISTRICT 270.040

When the Out-of-State District receives information that records of an active in-state account have been moved to an out-of-state location~~,~~ under the control of the taxpayer, they will make the proper entries in the "Out of State~~:~~" field of the online registration system. The Out-of-State District will ~~effect~~initiate an inter-district transfer of the account to the Out-of-State District.

If information is received that the records of an in-state business are no longer located out-of-state~~,~~ under the control of the taxpayer, the district obtaining that information should initiate~~effect~~ an inter-district transfer to the in-state district of control via the online registration system.

SINGLE OUTLET OUT-OF-STATE ACCOUNTS 270.060

Sales and Use Tax Single Outlet Account

When the determination is made that the books and records sufficient for audit purposes are located out-of-state under the control of the taxpayer, use the "Warehouse or Single Outlet" decision table in ~~S~~section ~~110.035~~120.005 of the Business Taxes Code Book as a guide to determine the proper ~~Taxable Activity Type~~TAT code, office code, and tax area code for single outlet accounts.

CONSOLIDATED OUT-OF-STATE ACCOUNTS 270.070

When the books and records sufficient for audit purposes are located out-of-state under the control of the taxpayer, use the "Fringe Area, Out-of-state Consolidated (Including Warehouses) Accounts" decision table in ~~S~~section ~~110.035~~120.005 of the Business Taxes Code Book as a guide to determine the proper ~~Taxable Activity Type~~TAT code, office code, and tax area code for single outlet accounts.

FRINGE AREA ACCOUNTS 270.080

Accounts held by taxpayers~~Permittees~~ operating in areas adjacent to the state ("fringe areas") are the responsibility of specific in-state districts. When the ~~permittees~~taxpayers' customers are generally located within a single in-state county, the first five digits of the area code will be the in-state county code where the taxpayer generally operates followed by "999." When in-state customers are widespread, the tax area code will be 59–999 000 0000 (see also CPPM 240.035).

Business Taxes Code Book ~~S~~sections ~~110.036~~120.105 – 120.135 list ~~has a map of fringe areas and 110.037 has a listing of~~ fringe area towns and offices. The district of control for a fringe area account will be the instate district of control.

Taxpayers~~Permittees~~ that operate in ~~state~~ California with a fringe area mailing address (not a consolidated account master location) are the responsibility of the instate district where the selling location is located. If necessary, audits will be conducted by the fringe area office by means of an inter-district audit referral.

PERMITS AND LICENSES — FORMS BOE–442 275.000

ISSUANCE OF FORMS BOE–442 275.010

The BOE-442 series is the permit or license issued to the taxpayer at registration. When a taxpayer registers electronically, the permit or license can be printed by the taxpayer. In addition, ~~T~~the ~~online~~ registration ~~account numbering~~ system allows any BOE~~oard~~ office to complete the registration process and issue a permit for taxpayers who are unable to register electronically, including those in another district that is ultimately responsible for the account. ~~Whenever an application is accepted, the permit should be delivered to the taxpayer.~~

A permit in the possession of the taxpayer is physical evidence that the taxpayer has complied with the requirements of the law and can legally operate a business at a specific location. When the ~~online~~ registration system is used, the proper permit is printed automatically at the end of the registration process. Permits can be printed on white paper. ~~Accordingly,~~ When the registration systems are unavailable, preparation of a permit should be one of the last steps performed in the registration process by the district ~~which~~that completes the ~~registration~~permit or license form~~, when the registration is completed without using the online registration system~~.

~~**LIST OF PERMITS ISSUED — FORMS BOE–442 275.020**~~

~~Those forms not produced as a direct result of the online registration system have the same form numbers.~~

CONTROL OF UNISSUED PERMITS AND LICENSES 275.035

Procedure to Be Used Only In Case Of ~~On-Line~~Website and Registration System Failure

~~New permits and licenses are stocked in Sacramento Headquarters under the control of Headquarters Central Supply Unit. Permits are ordered on regular supply orders by a district or branch.~~

~~When ordering additional permit forms, the order should be for a three-month supply, and reordered when existing stock is reduced to a one-month supply.~~

~~Care must be given to the safekeeping of blank permits and licenses before use. Offices maintaining a supply of these forms will assign their safekeeping to one employee, who will keep blank permits and licenses in equipment that can be locked for security purposes.~~

~~In some instances, the applications can be treated as express mail registrations and handled once the system goes back online.~~

The following procedures and work tools have been developed by the Compliance Policy Unit (CPU) to ensure the BOE's Sales and Use Tax registration program can continue its primary business function of registering applicants, issuing permits, and providing the necessary documents when the registration system is not available.

CPU has created two work tools: (1) A folder called "SUTD-Manual Registration," which is located on the "Common on 'Cboe\Sutd' (L:)" drive and, (2) A CD labeled "SUTD – Manual Registration" or in some offices a portable hard drive containing Manual Registration files is available in lieu of the CD. Both of these tools contain the necessary documents, in a limited capacity, to complete the registration process. Hereinafter, the "SUTD-Manual Registration" folder on the L: drive will be referred to as "Folder," and the CD and portable hard drive will be referred to as "CD."

Both the Folder and CD contain the latest version of forms, returns, schedules, publications, and other registration documents in fillable form, in either Microsoft Word or Adobe pdf formats. Taxpayers should be advised to obtain relevant regulations and publications not contained in the Folder and CD from the BOE website when it becomes available. The Folder and CD also contain two sub-folders: "Procedures" which contains instructions, and "SUTD Permits" which contains the seller's permit and certificate of registration templates.

The contents of the Folder and CD are not to be duplicated in any media such as CDs, portable hard drives, or be retained in the user's hard drive once the system becomes available. **This is to prevent releasing outdated versions of the Folder or CD contents.**

The contents of the Folder and CD will be periodically revised. Field Offices will be notified of revisions to the Folder and will be provided with a revised CD.

Maintenance of the Folder and CD

The Folder and CD will be maintained by CPU. Staff who would like to add, delete, or otherwise make changes to the Folder's or CD's content should contact the Registration Specialist in the CPU, MIC: 40.

Accessing and Using the Folder

Only authorized users have rights to access the Folder on the L: drive. Authorized users are to access and utilize the contents in the Folder only when the system is unavailable.

Authorized users (e.g., Tax Technicians) who primarily perform registration have rights to access all the contents in the Folder, including the sub-folders entitled "Procedures" and "SUTD Permits" and all documents (e.g., applications, returns, schedules, publications, and forms) in the Folder. Other authorized users (e.g., Supervisors, BTRs, and Specialists) only have access to the sub-folder called "Procedures" and all documents (e.g., applications, returns, schedules, publications, and forms) in that Folder. They do not have access to the sub-folder called "SUTD Permits." Access to this sub-folder (SUTD Permits) is limited to authorized users who primarily perform registration because it contains the seller's permit and certificate of registration templates.

Each District Principal Compliance Supervisor or their designee will be responsible to maintain the list of authorized users. Any requests for personnel changes (i.e., adding or deleting authorized users) must be sent via an e-mail to the field office's District LAN Coordinator by the District Principal Compliance Supervisor or their designee. The District LAN Coordinator will then provide the appropriate access to the Folder and sub-folders.

Using the CD

Each field office District Administrator or Branch Office Supervisor will be provided with one CD. The District Administrator, Branch Office Supervisor or their designee will be responsible for securing the CD in a lockable storage area when not in use.

Authorized users are to install and use the contents of the CD when both the system and the LAN (access to the Folder on the L drive) are unavailable. Contents of the CD should not be installed on any authorized user's personal computer (PC) for any other purpose.

Because the CD contains the seller's permit and the certificate of registration templates, the

contents on the CD should be installed on each authorized user's (e.g., Tax Technicians) PC, whose primary function is registration. The contents may also be installed on other user's (e.g., Supervisors, BTRs, and Specialists) PC at the discretion of the District Administrator, Branch Office Supervisor or their designee. When an authorized user has completed the installation of the contents to their PC, he/she is to provide the CD to another authorized user for installation and so on. ***Note: The contents that are installed on each authorized user's PC are stored on their desktop temporarily until the system becomes available.***

Block of Manual Account Numbers

Field offices use the two-digit prefix account numbers (referred to as "block of manual account numbers") when the system is unavailable. The two-digit prefix denotes the district of control (e.g., prefix 21 - denotes Oakland District, 19 - denotes San Francisco District, etc.). These manual account numbers must be used in sequential order.

District offices with branch and/or satellite offices performing registration should continue to issue a block of manual account numbers to each branch and/or satellite office in the manner the District of Control sees fit. It is the district office's responsibility to keep track of the issued and unissued manual account numbers for their office and branch(s) and/or satellite offices. *Note: On occasion, the Registration Specialist in CPU may request the District of Control to provide the last manual account number issued.*

When the District of Control is close to reaching the end of their block of manual account numbers (e.g., 21-999950), a compliance supervisor designated by the District Administrator will contact the supervisor of the Local Revenue Allocation Unit for a new block of manual account numbers.

Processing Applications

Field offices will handle and process applications as usual, verifying completeness of the application, validating proof of identification, and verifying that all other registration requirements have been met. *Note: Since the system is unavailable, staff will not be able to create a TIN, or search if a TIN exists in CTS. In addition, staff may not be able to determine if the applicant will be required to post a security deposit. In these cases, staff will create a new or use an existing TIN and determine if a security deposit is required when the system becomes available.*

When the application completion is verified, staff will use the Folder's or CD's contents and manually issue the permit, welcome letter, returns (including schedules) and other registration material that are normally provided to an applicant at the time of registration. *Note: Staff should refer to CPPM 275.050 for the proper format to be used when typing a permit.*

If a field office receives an application for another District of Control, the field office that receives the application will process the application as usual. Staff can refer to CPPM section 295.020 for further details. When the application is verified complete, staff will issue a manual account number from their block and use the correct district identifier. For example, Sacramento District Office (KH) receives an application for a business located in San Jose District Office (GH), KH will use one of their block of manual account numbers and use GH for the district identifier (e.g., SR GH 28-99####).

With the system being unavailable, staff cannot record all the information given to the applicant in comments (F-11) as required. To meet the requirements of recording all of the information (form, regulations, publications, etc.) provided to the applicant at the time a manual permit or

certificate of registration was issued, staff must document on the back of each application, in the shaded area indicated, "For Board Use Only," the Tax Information Package (TIP) 1 or 2 and any other forms, regulations, publications, and returns that were provided to the applicant. The documented information on the application will then be entered in comments (F-11) at the account level once the system becomes available.

Returns and Schedules

Every SUTD taxpayer, regardless of filing basis, may use the utility return (BOE-401-A2). It is available through eBOE, the BOE website, the Folder or CD. If a taxpayer requests (via the telephone or in person) a return and is eligible to file electronically, staff should direct the taxpayer to file their return through the BOE website. If the taxpayer is not eligible to file electronically or does not have access to the Internet, staff should print the return and provide it to the taxpayer. In addition, the BOE-401-EZ and prepayment form BOE-1150 are also available in the Folder and on the CD.

Staff should always ensure that the proper information (e.g., due date, reporting period, account number, taxpayer name and address) is typed on the return(s) as if the return(s) was generated from the system, and the accompanying schedules have been included before providing the tax return package to the taxpayer.

Permit Verification

During the period the system is not available, it may be necessary to provide applicants, suppliers, and other interested parties, a written notice that the permit being presented is valid, because new manually issued permits will not be captured or available on the Sales and Use Tax Permit Verification system on the BOE website. To accommodate this situation, BOE-400-SNS, *Special Notice to Suppliers*, was developed. This form is included in the Folder and CD. When a permit is issued manually, the BOE-400-SNS should be provided to the taxpayer to be presented or shown to whomever requires verification of the permit's validity.

When the System Becomes Available

All accounts that were manually issued must be entered into the system as soon as the system becomes available. Staff must search if a TIN exists or generate a new TIN for the taxpayer, as well as any related entity (partner, president, member, etc.), and relate the TINs with one another, if applicable, in the system. In addition, staff will be able to determine if a security deposit is required from the applicant.

After inputting the applicant's information, it is possible to generate security requirements, tax returns, and other related forms from the system. Staff may bypass this process if the information has already been provided to the applicant when the system was unavailable. However, if BOE-598, *Notice of Security Requirements*, was provided to the applicant when the system was unavailable, staff must either enter a "Y" in the "Security Deposit Form 598" field under the Confirmation Screen (TAR CR) or enter the security requirements under SEC RQ. This will establish the security requirement in the system for the applicant. If it is determined at the time of inputting the information into the system that a security deposit is required, staff will generate the security requirements (BOE-598, *Notice of Security Requirements)* under the Confirmation Screen (TAR CR) and mail the forms to the applicant.

The information that was documented on the back of the each application, in the shaded area indicated "Board Use Only," must be recorded in comments (F11). This information (e.g., forms, regulations, and publications) was provided to the applicant at the time a manual permit or

certificate of registration was issued. In addition, if a BOE-598 was generated at the time staff was inputting the applicant's information, then comments regarding the BOE-598 must also be entered in the registration system.

When the system becomes available, the District Compliance Principal (or designee) should ensure all authorized users who installed the contents from the CD to their desktop have deleted the contents, using the "uninstall" utility, from the drive where it was stored. When the contents are deleted from the authorized user's PC, he/she is to provide the CD to another authorized user for uninstallation of the contents. The District LAN Coordinators may assist authorized users with the uninstallation process. **Retaining and using the contents of the CD or Folder may result in providing the taxpayer with outdated forms containing inaccurate data or requirements.**

REISSUANCE OR REPLACEMENT OF PERMITS AND LICENSES 275.040

Lost or mutilated permits or permits needing reissuance can be reprinted by taxpayers using their client login on the BOE website if they originally registered electronically. Requests for staff to replace the permit will be processed in accordance with CPPM ~~Sub~~section ~~330~~320.000. Once the determination has been made to reissue or replace a permit, the ~~online~~ registration system provides this opportunity through the print subsystem (TAR PM). ~~You need only e~~Enter the account number and sub number, if applicable, and the ~~online~~ registration system will automatically provide the proper permit.

PREPARATION OF PERMITS, LICENSE AND CERTIFICATES IN GENERAL 275.050

The ~~online~~ registration system will ~~automatically print out~~provide the proper permit for the taxpayer ~~being registered~~to print at the end of the registration process. The following explanation and instructions ~~following~~ are intended for use in the event a permit must be prepared by hand.

Permits, licenses and certificates have been designed to allow for seven lines of typing, 33 numeric or alpha characters per line using pica (10 characters per inch or 10 CPI) typewriter spacing. It will seldom be necessary, however, to use all seven lines provided.

~~Pica type (10 characters per inch or 10 CPI) should be used where possible.~~ Corner marks are printed in the upper left and right corners to ~~assist in positioning the form in the typewriter, and as an~~ aid in determining the beginning and ending of each line.

The following items must be typed on the forms before they are issued:

- Account number
- Owner name
- Business Address
- City, State, ZIP
- Start date

The firm name (DBA) may be typed on these forms. If shown, the entry must be made outside the space outlined for the window envelope block.

Other items of data such as tax area code, mailing exception code, reporting basis, etc., are confidential data and are not typed on permit or license forms. Permit and license forms are

displayed to the public, therefore disclosure of a reporting basis or other data could potentially allow inference of business volume or other confidential information. A mailing address may be included if it is different from the business address, allowing the form to be mailed in a window envelope.

Positioning items of data on the forms in their order of entry is as follows:

First Entry — Account Number

Starting with the top line, left side, type the complete account number including ~~Taxable Activity Type~~TAT ~~code~~, office code and numerical portion, i.e., SR ARA 15–789012, and the start date. If a subpermit exists, continue with a dash after the numerical portion, sublocation number, another dash, and master office code, i.e., SR Y EH 15–789012–0196–ARA. The account number is the only entry made on the first line of the form.

It is not necessary to prepare new permits when the only change is to the ~~Taxable Activity Type~~TAT indicator. This situation occurs when accounts are converted between SR X, SR Y, SR Z and SR.

Second Entry (When Necessary) — Business Address
if Different from Mailing Address does not Apply to Sublocations

When the mailing address is different from the business address, type the business address on the second line, including the number and street but not the post office unless it is different from the post office of the mailing address. This is the only entry made on the second line. Do not insert the mailing address if the permit will be handed to the taxpayer in person.

Examples:
1310 Eighth Street (same post office as mailing address)
1310 Eighth Street, Sacramento (different post office from mailing address)

If the mailing address is the same as the business address, the second line is left blank.

Third Entry — Owner Name

Owner name is entered beginning on the next available line. As much as possible, a complete owner name should be entered subject to necessary abbreviations of first names of partners, etc.

Fourth Entry — Mailing Address (or Business and Mailing Address When Identical)

The business address is entered on the next available line. Two lines of the form are used for this entry. The first line will include number, street, etc. The second line will include post office, two letter state abbreviation, and ZIP Code.

When the mailing address is different from the business address, enter the business address on the second line as described under “Second Entry”.

Formatting for preparation of the form is fixed with respect to entering account number and business address (if applicable) on the first two lines. Entry of other data is flexible, subject to the amount of data that is to be entered. For example, the owner name need not be restricted to one line.

HINT: When preparing the form, determine how much data can be and should be entered

before typing is started.

DISCLOSURE OF DRIVER LICENSE AND SOCIAL SECURITY NUMBERS 275.060

As part of the registration process, applicants are asked to provide their driver license number and social security number. The social security number (SSN) will not be requested of corporate officers.

The Federal Privacy Act (PL 93–579), effective September 29, 1975, prevents any government agency from denying any right or privilege provided by law because of an individual's refusal to disclose his social security number.

The Federal Privacy Act, however, does not apply to any agency that required this information because of statute or regulation prior to January 1, 1975.

The BOE~~oard~~ required the SSN~~social security numbers~~ of applicants for seller's, use fuel and vendor use fuel tax permits (under the provisions of RTC~~California Revenue and Taxation Code~~ sections 6066, 8702, and 8712, respectively) prior to January 1, 1975. Therefore provisions of the Federal Privacy Act do not apply under these ~~Taxable Activity Type~~TATs. Applicants may be required to provide their SSN~~social security numbers~~ to obtain such permits. The BOE~~oard~~ is required to inform the applicant what use will be made of the number. (See CPPM ~~Sub~~section -275.070).

Submission of a SSN~~social security number~~ is completely voluntary when applying for consumer use tax accounts and certificate of registration — use tax accounts. Forms for these ~~Taxable Activity Type~~TATs contain a space for SSN~~social security numbers~~, and applicants must be informed of the voluntary aspects of the law. Issuance of permits or accounts will not be held up by the lack of a SSN~~social security number~~.

District Office~~/ Customer and Taxpayer Services (CATS)~~ Procedures

- When taxpayers register electronically via the BOE website, the system will attempt to verify the driver license number provided (See CPPM section 203.040). When the electronic registration system is unavailable and staff must issue a permit manually, ~~S~~staff will ~~now~~ physically view a driver license, or other proof of identification, for all applicants including corporate officers. If the taxpayer refuses to show identification, a seller's permit will not be issued. Staff should not photocopy the driver license of an applicant, and any copies received from applicants must be destroyed (i.e., confidential destruction.

- The ~~S~~social ~~S~~security ~~N~~number ~~will no longer be~~is not requested of corporate officers, but is required~~. The SSN will be requested~~ of all other ~~applicants~~applicants; however~~ but~~ documentation will not be required. If the applicant refuses to provide the SSN, ~~we~~staff will access FTB~~FTB~~'s ~~S~~system to obtain the SSN. The applicant must be advised that we will obtain the SSN and be given the option to withdraw the application.

~~**Express Mail Registrations**~~

- ~~Staff will request a California Driver License (CDL) or other proof of identification and photocopy for all applicants including corporate officers. If the CDL number is not provided, the application will be returned to the applicant for the missing information. If a photocopy is not attached to the application, access DMV System to verify CDL~~

~~number provided by applicant.~~

- ~~The SSN will not be requested of corporate officers. SSN will be requested of all other applicants, but photocopies of the SSN are no longer required. If the SSN is not provided we will access the FTB System to obtain the SSN. The applicant must be advised that we will obtain the SSN and he or she should be given the option to withdraw the application.~~

- Staff performing the registration process should be flexible and accommodating to the fullest extent possible when verifying the required information. Discretion and professional judgment should always be used in cases when dealing with reluctant or uncooperative applicants. Exceptions to physical verification do exist and are sometimes warranted. When an exception is made, the reasons should be noted in Registration comments and approved by a supervisor. Reasons for exception can include: 1) the applicant is a fortune 500 company or a parent corporation registered out-of-state and officers are out-of-state or otherwise inaccessible, and in-state business of the corporation is conducted through their California agent for process of service, 2) the request is for a temporary permit or for part-time sales activities that will not likely generate any significant tax liabilities, and the applicant has provided separate verifiable evidence of local residence, employment, or other acceptable identification. FEIN, California Identification Card, ITIN (individual taxpayer identification number), Passport, Visa (not the credit card), paycheck stubs, or income tax returns are acceptable forms of substitute identification.

- Once verification has taken place, one of the check boxes in the upper right corner of the ~~BOE–400~~application should be checked. Staff should enter appropriate comments on the registration system noting the type of identification that was given. The supervisor may approve any exceptions to this policy on a case by case basis. Proper comments should be entered on the registration system indicating the reason for the exception and the name of the approving supervisor.

Taxable Activity Registration

~~This on-line access is to be used in the registration of accounts i~~In cases where adequate taxpayer identification is not provided, ~~at the counter~~ or ~~the required photocopies of identification are not returned with a mail-in application. Additionally,~~ if the authenticity of the documentation provided is questionable, access to the DMV or FTB databases~~on-line access~~ should be used via the External Agency Tracking (EAT) system to verify the validity of the identification.

If, during the verification process, it is discovered that the SSN and/or ~~CDL~~Driver License number are registered in the FTB or DMV systems to a name other than that of the applicant, the applicant should be advised that they need to contact the Social Security Administration or DMV and resolve the apparent problem before the BOE~~oard~~ will issue a seller's permit. However, if the applicant has credible identification (SSN Card/Driver License) which supports his or her identity, a permit should be issued.

Duplicate SSNs or ~~C~~DLs are occasionally discovered in the Client Taxpayer System (CTS) during the ~~Taxable Activity~~manual r~~R~~egistration process. Staff will perform a search of the SSN and the DL/ID number in the CTS CS subsystem to ensure that the SSN or DL/ID number does not already exist in the system. ~~should verify which taxpayer the number belongs to by using the FTB and/or DMV Systems.The district of control should be notified of the Taxpayer~~

~~Identification Number (TIN), account number, and name of the taxpayer with the erroneous identification number. The district of control will research and correct the erroneous information.~~ The CTS CS subsystem must be searched to determine if the applicant has an established Taxpayer Identification Number (TIN). If the SSN or DL/ID number does not exist in the registration system, the applicant will be registered as a client/taxpayer to obtain a TIN, and then the applicant can obtain an account. If the SSN or DL/ID number does exist in the CTS, the TIN information will be verified against the information provided by the applicant. If the applicant's identification information is the same as the TIN information, staff can issue an account. Staff will enter a comment stating the identity was verified in the CTS CM screen with subject heading "ID verified."

If a search in CTS CS indicates the SSN or DL/ID number is associated with a different client in IRIS, the applicant's identity should be confirmed by requesting a search of DMV or FTB database records using EATS. Once the identity is confirmed, a comment should be entered in CTS CM screen in IRIS. The subject heading for the comment should be "ID Verified" and should include information regarding how the ID number was confirmed. If the identification is anything other than SSN, driver license, or California ID card, the DLIC and SSN field should be left blank and the identification type and number entered into comments.

If the identity of the applicant cannot be confirmed using the EAT system, do not create a TIN for the applicant. Staff will inform the applicant the registration process cannot continue until adequate information is received to verify identity. The verification process is in place to protect the applicant's identity.

When a search of CTS discloses that the SSN or DL/ID exists in IRIS, and is associated with a client other than applicant, staff will enter a comment in CTS CM screen in IRIS. Also, staff will enter a comment in IRIS on the TIN with the incorrect SSN or DL/ID information and notify their immediate supervisor of the situation. Staff will provide their supervisor with any comments and/or screen printouts of the account that has the incorrect information. The duplicate SSN or DL/ID number should not be deleted from IRIS.

If the applicant provided a copy of the DL/ID as verification, the copy must be destroyed after the applicant's identity has been verified. Staff will not retain copies of the DL/ID in the field offices or send them to Headquarters (HQ) Taxpayer Records Unit with the application. Staff will destroy the copies by confidential destruction. However, if staff finds that the DL/ID is fraudulent through the verification process and the applicant voluntarily leaves the identification card, staff will give the identification card or the copy of the DL/ID and the application to their supervisor. The supervisor will then send it to DMV at the address listed below, along with an explanation of the findings:

Driver License Fraud Analysis Unit
PO Box 932391 Mail Station L217
Sacramento, CA 94232-3910

When duplicate SSNs or DL/ID numbers are discovered in IRIS and staff confirmed the applicant's identification through the EAT system, the registration section supervisor will contact a supervisor in the district of control or HQ section for the existing account and provide the erroneous information by telephone or email. The section supervisor will provide the duplicate SSN or DL/ID number, the TIN, account number, and name of the taxpayer. The section supervisor will enter appropriate comments in IRIS documenting the contact and the name of the supervisor notified about the registration problem. The supervisor in the district of control or

HQ section for the existing account will review the account, and if necessary, contact the taxpayer with the erroneous information and request adequate identification to correct the record. For sales tax accounts, if the taxpayer cannot provide credible identification, the account should be cited for failure to comply under RTC section 6070. Similar statutes exist for the use fuel, diesel fuel, and the cigarette and tobacco product licensing programs.

If staff is unable to confirm the applicant's identity through the EAT system and duplicate identification information is discovered in IRIS, a supervisor will provide a copy of the DL/ID made by staff, the SSN, and the application to the Statewide Compliance and Outreach Program (SCOP) staff. SCOP staff will follow up to make sure the applicant does not operate without a valid account.

Internal Revenue Service Numbers for Nonresident Aliens

In the past, the Social Security Administration (SSA), has issued "not for work" social security numbers (SSN) to nonresident aliens, which ~~we have~~the BOE has accepted when issuing seller's permits. ~~On May 29, 1996, the Internal Revenue Service (~~IRS~~)~~ ~~finalized~~ regulations ~~which~~ now provide for the issuance of an ~~new~~ IRS-issued taxpayer identification number called an IRS individual taxpayer identification number (ITIN) for use by alien individuals, whether resident or non-resident, who currently do not have, and are not eligible to obtain, social security numbers. ~~The IRS began accepting applications for the ITIN on July 1, 1996.~~

~~Effective July 1, 1996, we~~BOE will also accept an ITIN as a valid taxpayer identification number for the registration process.

~~*Reference: Operations Memo No. 1048, 1082*~~

BOE–324–~~A~~GEN, NOTICE TO INDIVIDUALS REGARDING INFORMATION FURNISHED TO THE BOARD OF EQUALIZATION 275.070

~~Form~~ BOE–324–AGEN, *Notice to Individuals Regarding Information Furnished to the Board of Equalization*, is furnished ~~and noted~~ to every applicant for a permit or account with the BOE~~oard~~. The ~~online~~ registration system automatically places the ~~F~~form ~~BOE-324~~ on the bottom half of the page on which the permit is printed. ~~Form~~ BOE–324–AGEN, is also provided to taxpayers on an annual basis with their tax returns.

MEXICAN MERCHANTS AND EXPORTERS 280.000

GENERAL 280.010

Through cooperative efforts of the Chambers of Commerce in Mexico and the ~~State Board of Equalization~~BOE, simplified methods have been devised for granting exemption from California sales taxes in transactions with qualified Mexican purchasers.

BOE~~oard~~ Publication ~~No.~~ 32, ~~"*Tax Tips for Sellers Making Sales for Resale or Export*~~*Sales to Purchasers from Mexico*,~~"~~ explains the acceptable procedures for establishing exemptions. Reference to the publication should be made whenever specific questions concerning the application of tax to these types of transactions arise.

MEXICAN PURCHASERS 280.020

There are ~~three~~ two groups of purchasers involved:

1. Mexican Retailers: All such retailers from the major Baja California cities are issued a plastic identification card by the Mexican Chamber of Commerce in their area. The card identifies the business, its resale registration number, and the business classification code(s) assigned to the retailer. The card also carries an expiration date and must be renewed annually. The card fits a standard credit card machine, and California sellers frequently imprint the card on the sale invoice in addition to obtaining a Mexican resale certificate. The respective Mexican Chambers issue the certificate cards to the Mexican merchants.
2. Mexican Consumers: Tax applies when property is delivered in this state to the purchaser prior to an irrevocable commitment of the property into the process of exportation. (See Regulation 1620.)
3. ~~Registered Exporters: The Registered Mexican Exporters program was discontinued October 1, 1985.~~

The responsibility for this program rests in the San Diego Office (FH) of the BOE~~oard~~.
See Decision Table, CPPM 280.030.

SALES TO MEXICAN RETAILERS AND CONSUMERS — DECISION TABLE 280.030

CONDITIONS	A	B	C	D	E	F	G
Sale in California	Y	Y	Y	Y	Y	Y	Y
Property used in California prior to export	Y						
Purchased for resale in Mexico		Y					
Purchased for use in Mexico			Y	Y	Y	Y	Y
Shipped by common carrier- delivered in Mexico			Y				
Shipped by common carrier – delivered at Mexican Border				Y			
Shipped by seller's vehicles – delivered in Mexico					Y		
Shipped by seller's vehicle – delivered at Mexican Border						Y	

ACTION	A	B	C	D	E	F	G
Taxable	X						
No documentation available – Taxable							X
Exempt – Obtain "Resale Certificate of Mexican Merchant"		X					
Exempt – Obtain Bill of Lading			X	X~~1~~			
Exempt – Obtain copy of Mexican Import Documents				X~~2~~	X~~1~~	X~~1~~	

Exempt – Obtain “Certificate of Delivery in Mexico”					X~~2~~		
Exempt – Obtain “Certificate of Delivery at Mexican Border”						X~~2~~	

LEGEND **Y** **= YES** **= NO** **X#** **= ACTIONS TO TAKE**

PRECOLLECTION OF SALES TAX ON FUEL 285.000

WHAT IS THE "SG" PROGRAM? 285.005

Fuel sales account for a major portion of California sales and transaction taxes. Because fuel is tightly monitored for both state and federal purposes, and because the business failure of a single retailer could have a serious revenue impact, ~~Senate Bill 1610 (SB–1610) was enacted in July 1986, to~~ RTC section 6480.1 requires precollection of an amount of sales tax ~~upon distribution of gasoline in California~~ from the person to whom the motor vehicle fuel, aircraft jet fuel, or diesel fuel is sold.

~~SB 1610~~RTC section 6480.1 refers to payment of sales tax at distribution as "prepayment." This causes confusion with provisions of the Sales and Use Tax Law dealing with quarterly prepayment reporting basis assigned to retailers. To eliminate confusion between the two programs, "precollection of tax" will refer to sales tax due upon distribution of motor vehicle fuel.

~~Effective January 1, 1992, retailers of diesel fuel, aircraft jet fuel and other qualifying fuels are required to prepay a portion of the sales tax to their fuel supplier on all purchases of these fuels. This program is similar to the existing pre-collection of sales tax on motor vehicle fuel except that the pre-collection rate is one and one-half cents ($.015) less per gallon. Effective April 1, 2000 the pre-collection rate on diesel was established separately from the rate on gasoline. Also, the pre-collection rate on jet aircraft fuel was separated from the rate for diesel.~~
The precollection of sales tax requirement is imposed when motor vehicle or diesel fuel is removed from the terminal rack, imported into this state via ground transportation (or via bulk transfer if the enterer is unlicensed), or sold to a person that is not a licensed supplier. The precollection of sales tax requirement is also imposed when blended motor vehicle fuel or blended diesel fuel is first sold by the blender. In addition, the precollection requirement is imposed when aircraft jet fuel is removed from a terminal rack or imported into this state via ground transportation.

The supplier is required to collect prepaid sales tax from the purchaser of motor vehicle fuel, diesel fuel, or aircraft jet fuel and provide the purchaser with an invoice which evidences the precollection of the tax. A wholesaler is required to collect a portion of the retail sales tax from the person to whom fuel is sold and provide the purchaser with an invoice which evidences the precollection of the tax.

SIMILARITIES WITH THE MOTOR VEHICLE FUEL TAXABLE ACTIVITY TYPE 285.010

Although ~~Senate Bill 1610 was written to~~RTC section 6480.1 closely parallels the Motor Vehicle Fuel License Tax Law, the term "precollection" refers only to sales tax. Enough similarities exist so that if California highway taxes are due, so is the precollection of sales tax. The rate is set each year by the BOE~~oard~~ based upon average retail prices. In times of rising prices, the precollection rate will be increased; if prices are decreasing, the precollection rate will be lowered.

Account numbers used for precollection accounts are comprised of 4 or 5 alpha characters followed by 8 digits as follows:

- The ~~Taxable Activity Type~~TAT is always SG.
- The district portion of the tax code will be the same as the office shown for the

seller's permit.

- The first two digits are "77" or "78." If the taxpayer holds a Motor Vehicle Fuel Distributor account, which begins with "07," the first two numbers then become "77." If the taxpayer holds a Motor Vehicle Fuel Broker account, which begins with "08," the first two numbers then become "78."
- The last six numbers are the last six digits of the taxpayer's motor vehicle fuel distributor or broker tax account.
- If a taxpayer does not need a Motor Vehicle Fuel License Tax account, ~~a~~ taxpayers register for SG accounts through the electronic registration system on the BOE website ~~number will be issued by the Account Analysis and Control Section~~. This is necessary for taxpayers who distribute only diesel, aircraft jet fuel and other qualifying fuels, or participate in a card lock network. Such accounts will be issued an account number beginning with the "78" prefix followed by six additional numbers beginning with 020001. The start date for the account will be determined by District Office investigation ~~unless the start date is prior to January 1992~~. ~~If this is the case, January 1992 will become the start date of the SG account~~.

Effective January 1, 2002, the Sales and Use Tax program codes changed as follows:

Taxpayer or Program Name	Old Program Code & Account Numbers	New Program Code & Account Numbers	Reporting Basis	Due Date of Return
Prepaid Sales Tax Distributor	SG 77-000000 to 999999	No close out of existing account numbers or issuance of new account numbers from these series. Designation will become "supplier" or "wholesaler"	Monthly	Last day of next month
Prepaid Sales Tax Broker	SG 78-000001 to 019999		Monthly	Last day of next month
Prepaid Sales Tax Diesel	SG 78-020001 to 020399		Monthly	Last day of next month
Prepaid Sales Tax Suppliers and Wholesalers		All new suppliers and wholesalers will be 78-020405 to 999999	Monthly	Last day of next month

Effective January 1, 2002, the Fuel Taxes program codes changed as follows:

Taxpayer or Program Name	Old Program Code & Account Numbers	New Program Code & Account Numbers	Reporting Basis	Due Date of Return
Petroleum Supplier	None	PS 04-06000 to 064999	Monthly	Last day of next month
Diesel Terminal Operator	DO	Closed out and re-registered as PO (1)	-	-
Diesel Fuel Supplier	DD 57-250001 to 350000	no change	Monthly	Last day of next Month
Diesel Train Operator	DT	Closed out and re-registered as PT (2)	-	-
Diesel Throughputter	DP	Closed out and re-registered as DD	-	-

Petroleum Miscellaneous	None	PX 04-065000 to 069999		No return due
Petroleum Common Carrier	None	PC 05-05000 to 052999	Monthly	Last day of next month
Petroleum Industrial User	None	PM 05-053000 to 055999	-	No return due
Petroleum Terminal Operator	None	PO 05-056000 to 058999	Monthly	Last day of next month
Petroleum Train Operator	None	PT 05-059000 to 05999	Quarterly	Last day of the month following the quarter
Motor Vehicle Fuel Distributor	MD 07-000001 to 999999	Deleted Closed out	-	-
Motor Vehicle Fuel Broker	MB 08-000001 to 999999	Deleted Closed out	-	-
Out of State Purchaser	None	PE 05-06000 to 064999	-	No return due

1) Petroleum Terminal Operator (PO) replaced the Diesel Terminal Operator tax program. The PO will report its monthly receipts, distributions, and ending inventory of all petroleum products including gasoline, diesel, and jet fuel, and replaced the former "DO" program code related specifically to tracking diesel type fuels in terminal operations.

(2) Petroleum Train Operator (PT) replaced the Diesel Train Operator tax program. The PT will report its purchases of all petroleum products including gasoline and diesel for use in train operations and replaced the former "DT" program code related specifically to purchases of diesel fuel.

Retailers are responsible for the payment of sales tax on retail fuel sales. When retailers file sales tax returns, credit is taken for the amount of sales tax precollected by their suppliers at the time of distribution; the retailers then remit the difference between what is due on retail sales and amounts already paid through precollection.

Retailers selling fuel are mailed the sales and use tax return, ~~Form~~ BOE–401–GS, provided the account is coded with an ~~account characteristic code~~ACC of ~~"~~3,~~"~~ ~~"~~4,~~"~~ or ~~"~~5~~"~~.

DUE DATES FOR PRECOLLECTION RETURNS 285.020

Suppliers and wholesalers file an "SG" prepayment tax return electronically on the BOE website. For taxpayers granted an exemption from electronic filing, the return~~,~~ (~~Form~~ BOE–401–DB) is only available through the printing subsystem in the registration system. Tax return due dates for the "SG" program are on the last day of the month following the month in which the fuel was removed, entered, or sold.

APPLICATION PROCEDURES FOR SG ACCOUNTS 285.030

~~The "SG" accounts are initiated using the Motor Vehicle Fuel License Broker or Distributor applications. Once the MB or MD account is registered, Special Taxes Department, Fuel Taxes Division sends to the Account Analysis and Control Section, a copy of the BOE-400-ET. To issue the SG PreCollection number, the Account Analysis and Control Section takes the first two numbers of the MB or MD account number and changes them to either 77 or 78. Information on Form BOE-400-ET is used to set up the SG account on the registration display. When a taxpayer is not required to have a Motor Vehicle Fuel License but is a wholesaler of fuel~~

~~requiring a SG account, district office staff initiates the registration process. District office staff sends a mini-memo with a printout of the taxpayer's sales tax account TAR AI screen to the Account Analysis and Control Section. This memo should include the start date for the SG account, and the reason the SG account is needed. When the Account Analysis and Control Section establishes the account number, the seller's permit of the SG account is entered into the Comments Screen of the OnLine Registration System. Once the account has been registered, a notification letter is sent to the taxpayer indicating the account number and reporting requirements. The SG file is maintained at Taxpayer Records Unit.~~

Generally, taxpayers register electronically on the BOE website for SG accounts during the process of registering for their sales and use tax accounts. However, if the electronic registration system is unavailable and a seller's permit for a fuel wholesaler or distributor must be issued manually, staff must determine the types of fuel sales being made and how the account should be coded.

When district office staff issues a sales tax permit with ACC of 4 or 5 (fuel wholesaler or fuel supplier, respectively), an email must be sent to "+Registration" requesting issuance of the SG account number. The email must include the taxpayers name and sales tax account number, with a "print screen" of the registration screen (TAR AI), along with the contact name and phone number of the requestor. The email should also include the start date for the SG permit. Return Analysis and Allocation Section will then establish the SG account and notify the taxpayer of the precollection requirement (BOE-999-L).

SPECIAL TAXES AND FLOOR TAXABLE ACTIVITY TYPES 290.000

SPECIAL TAXES AND FEES ~~DEPARTMENT~~ OVERVIEW 290.005

The ~~Property and S~~special ~~T~~taxes and fees are administered by the Property and Special Taxes Department (PSTD). Specific information about each program can be found on the Special Taxes and Fees page on the BOE website. These special taxes and fees include~~s~~ the following~~three program-related divisions: Environmental Fees, Excise Taxes, and Fuel Tax. The specific Special Taxes programs and the responsible divisions are listed below~~:

- Alcoholic Beverage Tax
- California Tire Fee
- Childhood Lead Poisoning Prevention Fee
- Cigarette & Tobacco Products Licensing Program
- Cigarette & Tobacco Products Tax
- Cigarette Tax Stamp Program
- Covered Electronic Waste Recycling Fee
- Diesel Fuel Tax
- Emergency Telephone Users Surcharge
- Energy Resources (Electrical) Surcharge
- Fire Prevention Fee
- Hazardous Waste Activity Fee
- Hazardous Waste Disposal Fee
- Hazardous Waste Environmental Fee
- Hazardous Waste Facility Fee
- Hazardous Waste Generator Fee
- Integrated Waste Management Fee (Solid Waste & Wood Waste)
- Jet Fuel Tax
- Marine Invasive Species (Ballast Water) Fee
- Motor Vehicle Fuel Tax
- Natural Gas Surcharge
- Occupational Lead Poisoning Prevention Fee
- Oil Spill Prevention, Response and Administration Fees
- Tax on Insurers
- Underground Storage Tank Maintenance Fee
- Water Rights Fee

Motor Carrier Office

The Motor Carrier Office administers the following programs:

- Diesel Fuel Tax (Exempt Bus Operators & Govt. Entities)
- International Fuel Tax Agreement (IFTA)
- Interstate User Diesel Fuel Tax (DI)
- Use Fuel Tax

~~**Environmental Fees Division**~~

~~Hazardous Substances Tax:~~

1. ~~Hazardous Waste Disposal Fee~~
2. ~~Hazardous Waste Generator Fee~~
3. ~~Hazardous Waste Facility Fee~~

~~4. Hazardous Waste Activity Fee~~
~~5. Environmental Fee~~

~~Ballast Water Management Fee~~
~~Occupational Lead Poisoning Prevention Fee~~

~~**Excise Taxes Division**~~
~~Alcoholic Beverage Tax~~
~~1. Beer~~
~~2. Wine~~
~~3. Distilled Spirits~~

~~Cigarette and Tobacco Products Tax~~
~~1. Cigarette Tax~~
~~2. Other Tobacco Products~~

~~Emergency Telephone Users Surcharge~~
~~Energy Resources Surcharge~~
~~Insurance Tax~~
~~Integrated Waste Management Fee~~
~~1. Solid Waste Quarterly Fee~~
~~2. Solid Waste Annual Fee (repealed 10/1/93)~~

~~**Fuel Taxes Division**~~

~~Childhood Lead Poisoning Prevention Fee~~

~~Diesel Fuel Tax~~

~~International Fuel Tax Agreement (IFTA)~~

~~Motor Vehicle Fuel License Tax~~
~~1. Distributors~~
~~2. Brokers~~
~~3. Aircraft Jet Fuel Dealers~~
~~Oil Spill Response, Prevention, and Administration Fees~~

~~1. Administration Fee~~
~~2. Response Fee~~

~~Underground Storage Tank Maintenance Fee~~
~~Use Fuel Tax~~

APPLICATION PROCEDURES 290.010

PSTD~~Special Taxes Department~~ personnel are responsible for all audit and compliance functions for their programs, with the exception of floor tax activities (see CPPM 292.000). Field offices do not stock application forms for any ~~S~~special ~~T~~taxes programs. Taxpayers who contact field offices for ~~S~~special ~~T~~taxes information or permits will be referred ~~directly~~ to the BOE website or to ~~the Excise Taxes, Environmental Fees, or Fuel Taxes Division~~PSTD.

FLOOR TAXES 292.000

GENERAL 292.005

~~Floor taxes are used by the Board to collect manufacturers' and distributors' excise taxes directly from wholesalers and retailers on merchandise or a stock of goods, which is already in the possession of the wholesaler or retailer ("on the floor"). Floor taxes have been used in the past for cigarettes, tobacco products, alcoholic beverages and motor vehicle fuels.~~

Generally, when a specific excise tax increase is either legislated or passed by the voters, any merchandise or stock of goods already in the possession of the wholesaler or retailer~~distributed~~ but not yet sold~~unsold~~ ("on the floor"), must be taxed on the difference between what has been paid by the manufacturer and the new tax rate. Floor taxes thus become the method of collecting this tax difference.

METHOD OF DETERMINING WHICH ACCOUNTS ARE SUBJECT TO FLOOR TAX 292.010

Once an increase in excise taxes has been authorized through legislation or ballot initiative, accounts must be selected which potentially sell merchandise or goods subject to the tax increase. For example, when the voters passed Proposition 111 in June 1990, motor vehicle fuel taxes increased by 5 cents per gallon beginning August 1, 1990.

Motor vehicle fuel taxes are due at the time of first distribution of the fuels, so distributors raised the amount remitted to the state on or after August 1. Fuels already distributed, on the other hand, were subject to the tax but had already left the distributor.

Special floor tax returns, using a prefix of FT, were designed for retailers to report the tax, and were mailed to all sales tax accounts with a "G", "D" or "B" in the account analysis code portion of the coding grid. Other criteria can be used depending upon specific circumstances.

~~FLOOR TAXES IMPOSED BY PROPOSITION 111 292.020~~

~~Five separate floor tax mailings were required under provisions of Proposition 111 and were due as follows:~~

~~Floor stock returns were mailed to sales tax accounts with "G" or "D" entries in the account analysis code portion of the coding grid. "B" entries did not receive returns in January 1991 or subsequent years, though they did receive initial returns in August 1990.~~

DELINQUENCY CONTROLS FOR FLOOR STOCK PROGRAM 292.030

Generally, ~~D~~delinquency notices are sent to recipients of floor stock returns six weeks after the due date of the return. A second notice is sent 12 weeks after the due date of the initial return, and a list of delinquent accounts forwarded to field offices.

Motor vehicle fuel tax collection is the responsibility of the State Controller's Office. Collection problems and refund requests received by telephone should be directed to the State Controller for resolution.

MISCELLANEOUS 295.000

ASSISTANCE FOR HEARING IMPAIRED TAXPAYERS 295.005

When helping hearing impaired taxpayers who require American Sign Language assistance, staff should contact the EEO Counselor/Bilingual Coordinator at 916-322-0064 to obtain access to the Bilingual Volunteer List or an ASL interpreter.

IMPLEMENTATION OF NATIONAL VOTER REGISTRATION ACT (MOTOR VOTER BILL) 295.010

Under the National Voter Registration Act of 1993 (NVRA), certain state and local agencies are required to ask whether their clients are registered to vote. If the clients are not registered, the agencies must offer them the opportunity to register and submit the voter registration form to local election officials. The NVRA requires the participation of agencies issuing driver's licenses (hence, "motor voter"), and of agencies providing public assistance or services to the disabled. The NVRA also allows states to designate other agencies as "voter registration agencies". The effective date of the NVRA is January 1, 1995.

In his executive Order W–98–94 the Governor designated "State Board of Equalization district offices which provide services to the public" as voter registration agencies. The BOE~~oard~~ has determined this to include all Sales and Use Tax district and branch offices.

NVRA Requirements

As a designated voter registration agency, the BOE~~oard~~ district offices are required to:

- ~~Provide a form which includes the statements set forth in Sec. 1973gg–5(a)(6)(B) of the Act. The Secretary of State's office has developed this form which is titled "Would You Like To Register To Vote" and is known as the declination form.~~Provide a BOE-6, *National Voter Registration Act (NVRA) Declination Form,* or an electronic equivalent if services are provided electronically, to taxpayers who request service or assistance with registration, renewal, or account maintenance. The SOS website also has a voter preference form that may be used and is available in several languages, 01/13 NVRA Voter Preference Form.

  The BOE has defined electronic services to mean all core processes that allow tax and fee payers to electronically apply for services. The process of electronically *filing returns* or *making payments* does **not** meet the criteria of a request or application for assistance with a core service. The tax or fee payer is **not** requesting a service; they are only completing a required transaction.

- Provide a mail voter registration application form to sole proprietors who have responded that they would like to register to vote on the BOE-6.~~or its own equivalent form with each application for service or assistance, and with each recertification, renewal, or change of address. The Board has determined this to mean sole proprietors requesting registration or appearing in person for account maintenance.~~

- Provide ~~each applicant who does not decline to register to vote the same degree of~~ assistance in completing the BOE-6 and voter registration application forms~~ as they~~

~~would provide for the completion of Board forms~~.

- Transmit completed voter registration to any county registrar of voter's office within 10 days. In California, this is any county registrar of voters, regardless of the county of residence of the client registering.~~forms accepted by the agency to the appropriate state election official within specified deadlines. In California this is any county registrar of voters regardless of the county of residence of the client registering.~~
- Ensure that those who provide the services described in NVRA ~~S~~section~~.~~ 1973gg–5(a)(4)(A) do not: (a) seek to influence an applicant's political preference or party registration; (b) display any political preference or party allegiance; (c) make any statement to an applicant or take any action to discourage the applicant from registering to vote; or (d) make any statement to an applicant or take any action which leads the applicant to believe that a decision to register or not to register has any bearing on the availability of services.
- Ensure that no information relating to a declination to register to vote is used for any purpose other than voter registration. The state shall not disclose information relating to a declination to register to vote or to the identity of a voter registration agency through which any particular voter is registered. The forms are not public information, and ~~T~~therefore, the BOE~~oard~~ may not disclose who has registered to vote through BOE~~oard~~ district offices or who has declined to register. All completed BOE-6 declination forms are to be retained by the BOE~~oard~~ and not transmitted to the county registrars.

NVRA does not require voter registration agencies to keep statistical information. However, ~~the~~ BOE~~oard~~ will keep data on the number of BOE-6 declination forms provided and the number of voter registration forms completed by clients. Each district/branch office will track the number of declined responses from BOE-6 forms submitted by sole proprietor applicants seeking sales tax registration or account maintenance updates. The district offices will enter the total number of declinations received and the total number of completed Voter Registration forms on the "National Voter Registration Act Reporting Form" and send the report to the local county elections offices at the end of each month (See Exhibit B).

Which Clients Are Affected

All sole proprietors who ~~request registration or who~~ appear in person for account maintenance, or request an application for a core service are to be ~~given~~provided with the BOE-6.~~the declination form~~ Those applicants who indicate they want to register to vote will be provided a voter registration application form~~for completion and the opportunity to register to vote~~. The BOE electronic registration process provides for an electronic voter preference form, and will connect taxpayers that choose to register to vote to the SOS online voter registration page.

Contact by Telephone or Mail

For all sole proprietors who contact the BOE by telephone for assistance with account maintenance or core service, staff must ask if they would like to register to vote. Staff must note the taxpayer's response on the preference form and if the applicant does wish to register to vote, staff must either send a voter registration form by mail, or send an email with a link to SOS website. If the contact is by mail, staff must mail a BOE-6 and voter registration form.
~~Partnerships and corporate entities are not affected.~~

District Office ~~Procedure~~Requirements

District Administrators will ensure that each employee who provides voter registration services completes an annual training on NVRA and SB35 requirements, and will designate a contact person for each office under their supervision who will:

- Communicate with the county elections office for training assistance, training material, and voter registration forms.
- Transmit completed voter registration forms to the county elections office county registrar of voter's office every Friday at close business. ~~every Friday at close of business starting January 6, 1995.~~ Transmitting every five business days will meet all deadlines as required by the act.
- Maintain in the district office the completed BOE-6~~declination~~ forms, ~~in the district office~~ and on a monthly basis count ~~on~~ the number of BOE-6 ~~declination~~ forms provided to clients ~~and~~in addition to the number of completed voter registration forms. Declination forms are to be ~~held~~ maintained for ~~four~~ **two** years and shall not be used for any purpose other than the maintenance of the NVRA. The information on the forms may not be disclosed to anyone including county election officials and staff.
- Ask all sole proprietor applicants who appear in person for registration or account maintenance to complete and sign the BOE-6~~voter registration declination~~ form. Any client who refuses to complete or sign the declination form will be considered as having declined to register to vote and no further action is required.
- Provide a mail-in voter registration form to those clients who indicate a desire to register to vote.
- Provide assistance in completing the voter registration form to those clients who request ~~help in completing the voter registration form~~assistance. Clients ~~who prefer,~~ may fill out the voter registration form and mail it on their own. All completed voter registration forms left with the BOE~~oard~~ are to be transmitted to a county elections office in the manner stated above. If a staff member filled out a voter registration form on behalf of the applicant, the staff member must sign the form in the section that asks, "Did someone help you fill out or deliver this form?"
- Maintain confidentiality with respect to the retained completed preference forms for a period of two years. The NVRA requires a voter's decision to register or decline to register and the location where an applicant registers to vote to be kept confidential. Voter preference forms are not public information. The preference forms should be stored in a central, chronological file, as they are subject to audit.

Core Electronic Services

All new electronic core services that allow tax and fee payers to electronically apply for service will incorporate the electronic voter preference form as part of their implementation.

~~Mail Registration Clients~~

~~Clients who request registration by mail are to be sent a BOE-6 along with the mail-in registration packet. If the BOE-6 is returned with a positive request for voter registration~~

~~a mail in voter registration form will be sent with the completed registration packet. If the completed voter registration form is returned to the BOE it will be transmitted to a county elections office, as above. Otherwise, no further action is required.~~

APPLICATIONS FOR PERMITS TAKEN FOR OTHER DISTRICTS 295.020

Whenever an application is accepted for another district, it should be completed in its entirety. When necessary, the district accepting the application will telephone the district in which the business is located to obtain the required information and coding data.

When it is determined that security is required, the district accepting ~~an~~the application shall set, and obtain from the applicant, the amount requested. If the applicant does not deposit the requested security at the time of application they should be informed that they can do so at the district of control since that office is in the area where the applicant's business is located and that office will be maintaining their records. If the taxpayer wants to deposit the security at the registering office, but cannot do so immediately, copies of the application and security documents should be retained at the registering office and the originals sent to the district of control.

Security amounts are subject to adjustment by the district of control and the applicant should be advised that an adjustment might be necessary. The district accepting the application should, however, set the amount of security as accurately as possible. See CPPM Chapter ~~IV~~ 4 for security guidelines when issuing new permits.

Care should be taken when reinstating a closed out or revoked account for another district. In these cases, the district of control should always be contacted to determine whether or not there are any special requirements for reinstatement of the account.

DELIVERY OF PERMIT OR LICENSE TO APPLICANT 295.030

The delivery of a permit or license to an applicant is evidence the applicant has complied, or will comply, with the requirements of the law to the satisfaction of the BOE~~oard~~.

SELLER'S PERMITS TO MAKE EX-TAX PURCHASES 295.040

Seller's permits are issued to persons who will be engaged in a bona fide business activity of selling tangible personal property.

Some persons try to secure permits solely for the purpose of ~~they may~~ purchas~~e~~ing items~~tangible personal property~~ for their own use at wholesale prices and without payment of the sales tax. Many persons will attempt to place themselves in the category of sellers in order to secure a seller's permit for these improper purposes. Such use is prohibited by ~~Revenue and Taxation~~RTC section 6072, ~~and is~~ a misdemeanor per ~~S~~Section 6094.5, and punishable as provided in ~~S~~Section 7153.

When it appears the permit is to be used solely for purchasing property for use, and not for resale in the course of operating a business, the applicant should be informed that issuing a seller's permit is not proper and that a permit will not be issued. These persons should be referred to RTC ~~S~~sections 6072, 6094.5 and 7153. Copies of these sections may also be provided.

OCCASIONAL SALES 295.050

Generally, more than two sales in a twelve month period (not calendar year) made by the same person requires a seller's permit. A permit is not necessary if the series of sales were:

1. Few in number,
2. Of an inconsequential amount, and
3. Of ~~T~~the type ~~of sale~~that is inconsistent with the seller's normal business activity.

All three of the foregoing conditions must be present to eliminate the need for a permit.

Each case must be decided on its own merits as to whether the series of sales is sufficient in number, scope, and character to constitute an activity for which a seller's permit is required. Chapter 10 of the Audit Manual contains a complete discussion of this subject and should be referred to for additional information.

Regulation 1595, *Occasional Sales*, ~~was amended to clarify~~clarifies that the first two sales in a series of sales requiring a seller's permit are exempt from tax as occasional sales. The third sale in such a series, and any subsequent sale, is subject to tax.

Whenever there is any doubt as to whether an occasional seller should be regarded as a retailer, the question should be submitted to the next level of supervision for a decision.

~~*Reference: Revenue and Taxation Code section 6019 and 6072. Regulation 1595.*~~

USE TAX DIRECT PAYMENT PERMIT 295.060

~~Effective January 1, 1998,~~ Pursuant to RTC ~~S~~section 7051.3~~, was added to the Revenue and Taxation Code allowing~~ certain taxpayers ~~to~~may pay use tax directly to the BOE~~oard~~ that would otherwise be collected by the retailer making the sale. ~~The intent of this legislation is to provide for~~Doing so allows the direct allocation of the use tax to the jurisdiction of first use by the purchaser rather than allocation ~~through~~to the countywide pool as determined by the retailer. Section 7051.3 applies only to **use** tax.

Use Tax Direct Payment Permits may be issued to any applicant who agrees to self-assess and pay use tax directly to the BOE~~oard~~, and certifies to the BOE~~oard~~ either of the following:

- The applicant is the purchaser for its own use or is the lessee of tangible personal property at a cost of $500,000 or more in the aggregate, during the prior calendar year.~~,~~
- The applicant is a county, city, city and county, or redevelopment agency.

An applicant for a Use Tax Direct Payment Permit must either already hold a seller's permit or a consumer use tax permit. If the applicant does not hold a permit, he/she must file an application (BOE–400–DP). If the permit to be issued is exclusively for reporting use tax, the ~~Taxable Activity Type~~TAT ~~"~~SU~~"~~ should be assigned. If the applicant is a local government entity (as listed above), ~~the Account Characteristic Code~~ACC ~~"0~~13~~"~~ should be assigned. If the applicant is someone other than a local government entity, ~~the Account Characteristic Code 0~~ACC 14 should be assigned.

CONSUMER USE TAX — TEMPORARY ACCOUNTS 295.080

Unreported use tax is frequently uncovered through the BOE~~oard~~'s audit and investigation processes. When the person charged with the liability is not required to hold a seller's permit and is not registered under a consumer's use tax account number, the liability is assessed through a Report of Field Audit or Compliance Assessment (CAS) which results in a determination of tax due. In order to identify the liability, an arbitrary account number is assigned by the field office. The ~~tax code~~TAT is SR (ACC~~T CHAR~~ 999). The office code represents the district in which the taxpayer is situated and the numerical portion is in the series 052–xxxxxx issued in~~by~~ the ~~on-line~~ registration system. (CPPM sections ~~Sections~~ 295.090 and 295.091) Once a number has been assigned, it may be used to identify any subsequent tax determinations against the same person as long as a seller's permit or a consumer use tax account is not involved. For ~~Consumer Use Tax Section~~CUTS accounts (vehicles, vessels etc.) see CPPM section 295.095.

ARBITRARY ACCOUNT NUMBERS 295.090

An arbitrary number is assigned to a ~~nonpermitized~~ person who does not hold a permit, or an unidentifiable entity, to accept payments, ~~to~~ identify an account, or for use in establishing a liability against an unlicensed or uncooperative person.[1]

[1]"Person" is defined in the various tax laws administered by the ~~Board~~ BOE and is not limited to an individual or partner.

Arbitrary numbers often are an interim method of identifying an account or entity until a permit or license is issued or an existing account is identified for the entity. The ~~tax code portion of the number varies according to the Taxable Activity Type~~TAT for sales tax accounts, for example, is SR. ~~; e.g., SR (ACCT CHAR 999), Sales Tax; FR, Use Fuel Tax; and FV, Vendor Use Fuel Tax (Fuel Taxable Activity Type arbitrary numbers are only issued by the HQ Registration Unit for the old use fuel Taxable Activity Types).~~ The office code designates the district in which the activity in question has occurred. The numerical portion begins in the series 52–000000. For dual determinations, the series ~~will~~ begins with 53.

The assignment of an arbitrary number occurs when the BOE~~oard~~ receives tax returns, payments or significant correspondence that cannot be associated or identified with a permit. Under these circumstances, when a permit is subsequently issued or the proper account found, returns, remittances or balances previously posted to the arbitrary number may be allocated or transferred to the proper permit. This process is initiated at the field or Headquarters office through the preparation of ~~Form~~ BOE–523, *Tax Return and/or Account Adjustment Notice*, concurrent with the issuance of the new permit or license.

Payments in full received from taxpayers who are no longer operating and who did not hold a permit, as well as unidentified payments/documents received in field offices, must have an arbitrary account number assigned before transmittal to Headquarters unless they are ~~Consumer Use Tax Section~~ accounts administered by CUTS (see CPPM ~~S~~section ~~-~~295.095).

~~Field offices using the on-line registration system issue arbitrary numbers in much the same way a regular permit is issued.~~ Arbitrary account numbers are also assigned to unpermitted entities in connection with field audits and field billing orders after a Report of Field Audit or Field Billing Order has been transmitted to Headquarters. The need for assigning an arbitrary account number under these conditions should be avoided whenever possible. Every

reasonable effort should be expended by the district to place the unpermitted entity involved under proper permit before the audit or field billing order is transmitted to Headquarters. When the assignment of an arbitrary account number is unavoidable and the account is placed under permit at a later date, the arbitrary account number is normally abandoned and all material, data, and postings are transferred to the new account. ~~Form~~ BOE–523, *Tax Return and/or Account Adjustment Notice*, is prepared by the field office and a copy forwarded to the ~~Headquarters Account Analysis & Control~~ Return Analysis ~~Section~~Unit.

~~Preparation of documents is explained in the following subsection, CPPM 295.091.~~

PROCEDURE TO ISSUE ARBITRARY ACCOUNT NUMBERS 295.091

Control of Arbitrary Account Numbers

Arbitrary account numbers are internally assigned by the ~~on-line~~ registration system in the same ~~method as regular~~ way manual permits are issued. If the registration system is unavailable and the arbitrary account number must be issued right away, an arbitrary account number can be requested on an as-needed basis by sending an email to "+Registration" or by contacting the supervisor of the Return Analysis and Allocation Section (MIC 32). ~~District offices may request a block of 100 arbitrary numbers from the Account Analysis and Control Section.~~ These numbers are to be issued in the event the ~~on-line~~ registration system is unavailable for a period of time.

Guidelines for Issuance of Arbitrary Account Numbers

Arbitrary account numbers are not issued for ~~Consumer Use Tax Section~~CUTS accounts for tax due for the purchase of vehicles, vessels or aircraft, or for PSTD~~Special Taxes Department~~ accounts. Please refer to ~~Subsection~~CPPM section 295.095 for procedures related to ~~Consumer Use Tax Section~~CUTS accounts.

An arbitrary account can be established by assigning the TAT SR (ACC~~T CHAR~~ 999) option from the CTS "Client Modify" screen.

Guidelines for Issuance of Dual Determination Arbitrary Account Numbers

The proper procedure to follow when dealing with dual determinations is to issue them through the use of an arbitrary number. Additionally, the arbitrary number **must be a ~~'~~"53"~~'~~ series**, which has been specifically designated for dual liabilities, and not the ~~'~~"52" series. Using the "53" series will prevent any delinquencies from appearing on the dualee account and will trigger appropriate ACMS programming designed to effectively deal with these accounts.

Regular or Issue~~-~~-and~~-~~-Cancel accounts **must not be issued** to bill any dual liabilities. The use of these accounts for dual purposes results in outstanding delinquencies on these accounts. This is due to the fact that the system expects regular return filings, which in fact will never be filed. The clearing of these delinquencies must then be manually handled by headquarters units, which results in additional unnecessary work for both Headquarters and District staff.

Dual Arbitrary "53" series accounts can be selected after creating the client TIN and then going to the CTS CM — Client Maintenance screen and selecting Arb for arbitrary. A pop up box will then appear where the **Dual Arb** (series 53) can be selected by placing a ~~'~~"Y"~~'~~ in its corresponding action field.

Input to the ~~On-Line~~ Registration Screen Account Number

The ~~on-line~~registration system automatically assigns an account number. If IRIS is

unavailable~~the BOE-561 is being used~~, ~~enter~~ the next available arbitrary account number from the block assigned to your district, branch, or unit should be entered. When ~~you are able to transcribe the information to the on-line~~the registration system becomes available, use the account number override capability and assign the number taken from the bank of numbers. Arbitrary account numbers presently begin with "052–9XXXXX": the "X" is a number issued from the number sequence.

Taxable Activity Type

When using the ~~on-line~~registration system ~~or the BOE-561~~ refer to the Business Taxes Code Book, ~~Sub~~section 100.071~~0~~, for a list of all ~~Taxable Activity Type~~TATs administered by the BOE~~oard~~. Arbitrary numbers may be issued only for ~~Taxable Activity Type~~TATs ending in N. ~~, and for Taxable Activity Type FV (vendor of fuel arbitrary number).~~

Owner Code

~~For both on-line and the paper batch files, enter t~~The ownership code for the entity, if ownership can be determined, should be entered in the registration system. This entry must match the "Owner" line. If the owner's name is unknown, enter "Unidentified" on the owner line and the owner code will be generated from the entity type.

Doing Business As — (DBA)

Enter the DBA or fictitious name for the account, just as if you were establishing a manual ~~regular on-line~~ account. If no DBA is used, make no entries. ~~This holds true for the BOE-561.~~

Owner

Enter the name of the owner or entity, just as if you were establishing a manual~~regular on-line~~ account. ~~When using the BOE-561, enter the name of the owner or entity in the space provided.~~ Courtesy titles such as Ms., Mr. or Miss are not entered. If the owner's name is unknown enter "Unidentified" on the owner line.

District

~~For either the on-line system or using the BOE-561, enter~~The district refers to the office of control. This office is established by where the business is located. ~~Also see Publication 30, "Mailing Guide," for assistance in determining the office of control and tax rate.~~

Business Address

When using the ~~on-line~~registration system, enter the business address just as if you were establishing a manual~~regular on-line~~ account. If unknown enter the city, state and zip code. ~~This also holds true for the BOE-561.~~

Tax Area Code

The ~~on-line~~registration system will generate three area code choices at the time the address of the business is identified. When ~~using the BOE-561~~IRIS is unavailable and a specific area code cannot be determined, enter the county code followed by "999," plus any add-on and in-lieu codes applicable to the county.[2]

[2]For example, an account in San Diego County where the exact location cannot be determined would show area code: 37999–017–0000.

In the rare instance where no specific location or county of operation can be located, use area

code “59999–000–0000.”

~~On July 1, 1995, Diesel Fuel Tax became a separate program from Use Fuel Tax and the Special Taxes Department assumed administration of~~PSTD administers all fuel programs. ~~Existing taxpayers who still needed a use fuel permit (for alternative fuels) were issued new permits. Previously, while use fuel was administered by the Sales and Use Tax Department, i~~In-state fuel tax area codes ~~were~~are coded to the county where the books and records needed for audit and compliance activities are ~~were located~~, followed by “000–000–0000.” For example, ~~A~~a fuel account located in Ventura County would show ~~an~~tax area code ~~of~~ “56000–000–0000.” ~~See the Business Taxes Code Book, Subsection 120.00, for a list of county codes.~~ Out-of-state fuel tax area codes ~~were~~ are entered based upon the state or country where the taxpayer ~~was~~is located. See the Business Taxes Code Book ~~Subsection 120.00~~ for a list of county, state and country codes.

Mailing Address

When using the ~~on-line~~registration system, enter the mailing address ~~just~~ as if you were establishing a manual~~regular on-line~~ account. If unknown, this space may be left empty for arbitrary accounts. When the mailing address is different from the business address, enter the mailing address on this line. ~~This is also true for the BOE–561.~~

Amount of Payment

~~For either the on-line system, or if using the BOE–561~~If a payment is received, enter the amount ~~of any payment received~~. If an entry is made in this area and is the same amount as the liability, make no entry in the “Amt. of Liability” section.

Amount of Liability

~~For either the on-line system or if using the BOE–561, enter the amount of any~~ If there is a liability established by a “No Remittance” return, an audit, or a field billing order and payment in full is not received, enter the amount of the liability due. Make no entry in this section for a “No Change” audit (BOE–414–C). If an entry is shown in this area, make no entry in the “Amt. of Payment” section. In the case of a “Partial Remittance” return, place the amount paid on the Amount of Payment line and the balance on the Amount of Liability line.

Liability Period

~~For either the on-line system or if using the BOE–561, e~~Enter the dates for which the arbitrary account is established. In the left side of the box show the beginning date in MM/DD/YY format, and on the right side show the ending date in MM/DD/YY format. For example, an account established for January 3, ~~1994~~2013 through May 27, ~~1994~~2013, would be entered as 01/03/~~94~~13 — 05/27/~~94~~13.

Cross Reference Account Number

~~For either the on-line system or the BOE–561, e~~Enter the number of any related regular account affected by this transaction.

Reason for Issuing

~~For either the on-line system or the BOE–561, enter the number of the form that generated a need for an~~Enter the reason for issuing an arbitrary number. For example, if a field billing order was prepared, enter BOE–414–B; an audit would be BOE–414–A; a payment received and transmitted on a tax return would be BOE–401; a payment received as a 2–B deposit to secure

a clearance for an unpermitted entity would be shown as a BOE–487–C or BOE–487–D.

If you are unsure about the entry to place in this area, contact ~~the Account Analysis and Control Section~~ RAU for guidance.

Comments

The ~~on-line~~registration system will record who created the account. When the system is unavailable, note ~~using the BOE-561, enter~~ the name and district, or unit, and the initials of the person requesting the arbitrary number. This information should be entered into the Comments area, so the originator may be identified when someone other than the originator enters the account information on the system.

CONSUMER USE TAX ACCOUNT NUMBERS 295.095

~~The Consumer Use Tax Section (~~CUTS~~)~~ has the responsibility of creating and maintaining ~~on-line~~ registration information for~~of~~ taxable activities regarding the purchases made from non-dealers of vehicles, mobilehomes, vessels, aircraft, and purchases from outside the state by California residents who hand carried and declared the purchases through U.S. Customs. The ~~Taxable Activity Type (~~TAT~~)~~ designators are SA (vehicles and mobilehomes), SB (vessels), SP (aircraft), and SI (customs). The following information is required for CUTS to issue an account number:

- Taxpayer's name, address and phone number
- Purchase date
- Purchase price (a copy of the Bill of Sale that is signed by the seller should be forwarded to ~~the Consumer Use Tax Section~~CUTS)
- Identifying information for the tangible personal property such as license number for vehicles or mobilehomes, CF number for vessels registered with DMV, documentation number for vessels registered with the USCG, tail or "N" number for aircraft registered with the FAA, as well as the make and year model.
- County where the vehicle, vessel or aircraft is stored, moored or hangared, if different than the county of residence for the taxpayer.

Full or partial payments received in the district office with a Combined State and Local Consumer Use Tax Return for Vehicles/Mobilehomes, Vessels, Aircraft, or Customs Declarations, should be processed by the district cashier the same as any other sales/use tax return.

If a payment is received without a return, the payment should be processed ~~on-line~~ related to the appropriate TAT. A copy of the check and any documents received in the district should be forwarded to CUTS. If the taxpayer is in the office, the required information identified above should be obtained and forwarded to CUTS with the copy of the check.

The Use Tax Administration Section (UTAS) has responsibility for processing and tracking use tax leads developed from information received by the Department of Homeland Security's U.S. Customs Division. The TAT SD indicator will be used for new, one-time use tax liability accounts established by the U.S. Customs group.

In most cases, UTAS will register a taxpayer with the TAT SD when it is necessary to send a tax return to the taxpayer. After creating the account, UTAS will send the BOE-2165 CUST, *Taxpayer Cover Letter*, and BOE-401-CUST, *Consumer Use Tax Return*, so that the taxpayer can report and pay the use tax obligation on merchandise shipped into this state from an out-of-state location and stored, used or consumed in California.

PENDING APPLICATIONS 295.120

In rare instances, the district administrator may withhold issuance of a permit pending receipt of the appropriate security if deemed to be in the state's best interest. In all other cases, the permit will be issued in accordance with the provisions of CPPM ~~sub~~section 405.020.

EXHIBIT A (203.060)

Business Action Code	Assignment Description	Staff Action Required	Assignment Specific To
637LTR	Staff review - no 637 letter entered	Follow up with taxpayer for Letter of Registration number.	Diesel or Motor Vehicle Fuel accounts
ACTS	ACTS eClient	Registration staff will notify stamp desk upon receiving assignment that is created from CR/400-ACTS process. Once investigation work has been finalized the stamp desk will email registration staff for activation.	CR accounts
ADDROVR	Finalist address overridden	Research overridden address and correct, if necessary when taxpayer does not accept formatted address when submitting application.	All accounts
CHKSPRSD	Check Special Taxes & Fees location start date	Review when adding a location to a prerequisite SR account and the associated STF location start date is earlier than the start date of the SR account.	TATs: ABM,ABW, AWG, ADS, ADC, ACB, MJ, TK, CM, CR, CW, CP, TW, and TIM.
CHKSUTSD	Check SR location start date	Review when a location is added to a prerequisite SR account and the associated STF location start date is earlier than the SR account.	SUT accounts
CUTSEXMP	Review exemption	Staff needs to review the taxpayers claim for an exemption from use tax related to a CUTS account.	CUTS accounts
CUTSNRPR	Review CUTS NR/PR payment	Review information, create account, and issue billing when taxpayer reports use tax for a CUTS account but does not pay entire amount due.	CUTS accounts
CUTSPYMT	Review CUTS payment	Staff needs to register the source information file, locate payment and apply it to the account.	CUTS accounts
CUTSXPAY	Review exemption with payment	Review exemption and payment received when taxpayer claims an exemption AND makes a payment.	CUTS accounts
DUPABCNR	Duplicate ABC number for account	Review and correct when the ABC number entered exists on a sub location for the provided alcoholic beverage account.	Alcoholic beverage accounts
DUPEPANR	Duplicate EPA number for account	Review and correct when the EPA number entered exists on a sub location for the provided HG account.	HG accounts

ENTITYAD	Client added to existing entity	Review TIN when a TIN exists in IRIS but there are no clients associated with the TIN. For example, a TIN exists for a corporation but no corporate officers are associated with the corporation. Assignment created for staff to review TIN.	eReg ID
ENTTYCHG	Review type of ownership change	Review and closeout prior account when taxpayer indicates on application that the ownership of the business changed.	All accounts
FO-79B	NR/PR - need to create FO	Create FO and initiate billing of amount due when taxpayer reports use tax on a one-time purchase but does not pay in full.	SUT accounts Assigned to Return Analysis Unit
FRGCTYSR	SR account address is in fringe area city	Review address and Tax Area Code.	SUT accounts Assigned to Local Revenue and Allocation Unit (LRAU)
INVTADOL	Invalid TAC and/or DOL	Review Tax Area Code, correct it, and release application when taxpayer does not accept formatted address or if address is not found by Finalist.	SUT accounts Assigned to LRAU
MANLVER	Staff review of entity	Follow-up with taxpayer to obtain entity documentation when the system is unable to validate the entity. Release action can auto close this assignment.	eReg ID
NEWLRLOC	Retailer cigarette license pending	Review and activate location.	LR accounts
NOABCNBR	ABC number missing on location	Review application; taxpayer indicates they sell alcohol but has no ABC license.	Alcoholic beverage accounts
NOLICPMT	No payment received for license	Review when SUT account was provided as the prerequisite and a closed LRQ account already exists for the entered location.	Cigarette accounts
NOPREP	Application prepared by BOE staff; no email sent to taxpayer.	Provide or mail registration packet to taxpayer, if necessary, when application was submitted by staff.	eReg ID
NOTCN	No TCN entered	Review and correct to add Terminal Control Number.	PO account
NOTKACCT	No UST account	Review as taxpayer stated there is an underground storage tank at location but no TK account exists.	Diesel, Motor Vehicle, and Oil Spill accounts
PENDACCT	Pending account created	Review and correct the pending account that was created because no start date was	STF Accounts

		entered.	
PENDSUBL	Pending sub location created	Review and correct the pending sub location created because no start date was entered.	STF Accounts
POIVFAIL	Client record failed verification	Bypass verification (using external source) when payment was made with application.	eReg ID
PURCHBUS	Staff review for close out of prior account	Review predecessor account since taxpayer indicated on application that they purchased the business.	All accounts
REGHLD	Registration held	This assignment indicates that an application could not be completed and is currently being held. In addition to this assignment, assignment(s) for addressing the specific issues affecting an application will also be created. Release action can auto close this assignment.	All accounts
RTADDRUN	Return addressing job ran prior to account creation	Manually initiate creation of the FOs. Staff may also need to print and mail tax returns if a taxpayer wishes to file tax returns immediately since application was submitted after return addressing job had begun. Generally, the Financial Obligations (FOs) will be created during the overnight registration processes.	All accounts
SECREQMT	Review - Security deposit required	Follow-up with taxpayer with regard to security requirement.	All accounts
SELLCARS	Review/new account is selling cars	Follow-up with taxpayer to confirm registration. Based on the NAICS provided on application, taxpayer sells used vehicles.	SUT accounts
STTAXAPP	Statewide Tax Rate was Applied	Review the application since a unique Tax Rate cannot be determined for the location of use, the statewide tax rate will be used to determine the tax amount.	CUTS accounts
TACOVR	TAC is overridden	Review the Tax Area Code and correct it if necessary since taxpayer did not accept formatted address.	SUT accounts Assigned to LRAU
TIN/ADDR	Matching TIN found with different address	Review account since matching client was found but address provided differs from the address in IRIS.	eReg ID
TINMCP	Multiple TIN's exist for client - primary	Review TINs and initiate a TIN collapse. Staff will need to open a heat ticket with the list of TINs to be collapsed.	eReg ID
TINMCS	Multiple TIN's exist for client - secondary	Review TINs of secondary entity and initiate TIN collapse using existing process since multiple TINs were located	eReg ID

		for secondary entity (e.g., corporate officer, LLC member). This issue will NOT prevent registration from being completed.	
VERIFYER	Verify ER account	Review account since taxpayer responded that they have an existing account. However, system cannot match ownership.	ER accounts
VERIFYRB	Verify RB account	Review account since taxpayer responded that they have an existing account. However, system cannot match ownership.	RB accounts
VERIFYTK	Verify TK account	Verify property ownership since taxpayer responded that they have an existing account.	TK accounts
VERPTNAG	Verify Partnership Agreement	Follow-up to obtain a copy of the partnership agreement since taxpayer indicated a partnership agreement exists. Message displayed to taxpayer directed them to mail a copy of the agreement to BOE.	eReg ID
VERPTNSP	Staff Review of Entity/ no individual entity at secondary level	Review account since partnership/Co-Ownership and Joint Venture must have at least one Individual attached. If no Individual, application is held for follow up. Release action can auto close this assignment.	eReg ID

EXHIBIT B (295.010)

NATIONAL VOTER REGISTRATION ACT (NVRA) REPORTING FORM

Please complete and send this form to your county elections office at the end of each calendar month.

Agency Name **STATE BOARD OF EQUALIZATION**

Local Address _____

_____

BOE Contact _____

Phone _____

Date _____

Month	Total Number of Voter Registration Cards Sent to County Elections Office	Total Declination Forms Received* *(Do not send declination forms to the county elections office.)*
_____	_____	_____

*Under NVRA requirements, the declination form must be filled out when a person declines to register to vote or when a person chooses to take the voter registration card home to fill out at a later time. Therefore, the total number of declinations reflects only the number of people who declined to register at the agency office.