Welcome to the Tehama Small Business and Resource Seminar

Fiona Ma, CPA
Chairwoman
California State Board of Equalization
District 2

September 14, 2016

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1-800-400-7115

www.boe.ca.gov

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Oakland, CA 94612-1432
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Fax: 1-510-622-4175

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San Francisco, CA 94105-1584
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Fax: 1-415-356-6115

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San Jose, CA 95113-2706
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Fairfield, CA 94534
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Santa Rosa
50 D St., Room 230
Santa Rosa, CA 95404-4791
Phone: 1-707-576-2100
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Governor's Office of Business and Economic Development (GO-Biz)

Overview and Activities

GO-Biz serves as California's single point of contact for economic development and job creation efforts, offering a range of services to business owners, including:

- Attraction, retention, and expansion services
- Permit streamlining and clearing of regulatory hurdles
- Small business assistance
- International trade development
- Assistance with state government
- Site selection

New Unit at GO-Biz

- California Competes Tax Credit
- California Film Commission
- Visit California
- California Infrastructure Bank (I-Bank)
- Permits
- California Business Investment Services (CalBIS)
- International Affairs and Business Development
- Innovation and Entrepreneurship
- Zero Emissions Vehicles Infrastructure - ***New***
- Office of Small Business Advocate

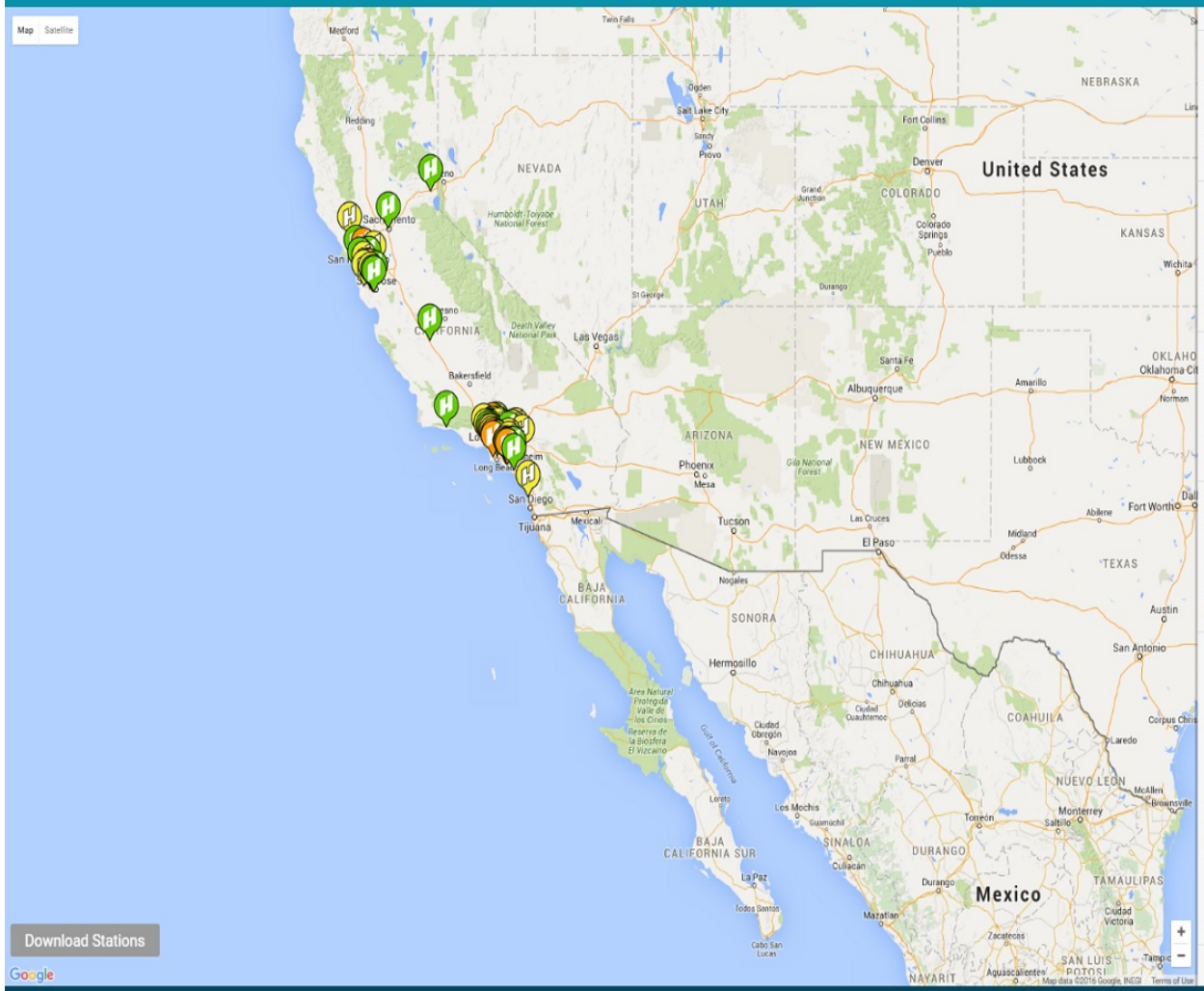
THE LINDE GROUP
Linde
Hydrogen.

California Fuel Cell Partnership

HOME CARS STATIONS BENEFITS BUSES & TRUCKS RESOURCES

Search by Zip Code or Address GO

Filter By Station Types



RETAIL: OPEN

Santa Barbara
Commissioning Complete
150 South La Cumbre Road
Santa Barbara , CA 93105
Details »

RETAIL: IN DEVELOPMENT

Woodland Hills
Commissioning
5314 Topanga Canyon
Woodland Hills , CA 91364
Details »

RETAIL: OPEN

Campbell
Commissioning Complete
2855 Winchester Boulevard
Campbell , CA 95008
Details »

RETAIL: OPEN

San Jose
Commissioning Complete
2101 North First Street
San Jose , CA 95131
Details »

RETAIL: OPEN

Saratoga
Commissioning Complete
12600 Saratoga Avenue
Saratoga , CA 95070
Details »

NON-RETAIL: OPEN

OFFICE OF SMALL BUSINESS ADVOCATE

GOVERNMENT CODE SECTION 12098-12098.9

"It is in the ***public interest*** to aid, counsel, assist and protect, insofar as is possible the interests of small business concerns in order to preserve free competitive enterprise and maintain a healthy state economy."

OFFICE OF SMALL BUSINESS ADVOCATE

Core Activities

- Advocacy
- Information Gathering and Dissemination
- Agency Coordination
- Business Assistance

Key Initiatives

- SBDC Capital Infusion Grant
- Seminars/Forums/Webinars
- Small Business Assistance Interagency Working Group
- In-the-Field Business Support
- CA Made

BUSINESS ASSISTANCE: PERSONAL BUSINESS SUPPORT

- Between 5,000-6,000 Requests for Help Annually
- Sampling of Requests:
  - Setting up a new health care clinic in Los Angeles
  - Cost of starting a manufacturing plant in CA
  - Securing a business license
  - How does EB5 work
  - How to file for EIN
  - How to start an online business
  - How to secure international investment
  - How to start a non-profit

When in doubt. Call us.

CAPITAL INFUSION PROGRAM

CIP helps small biz owners gain access to capital by expanding the no-cost consulting services of the CA SBDC Network, the largest small business technical assistance provider in the state.

Fiscal Year	State Dollars Committed	Capital Infusion Generated	Clients Served
2014-15	$2,000,000	$202,645,465	10,053
2015-16	$2,000,000	$123,110,384 (as of Q3)	6,478 (as of Q3)

For 2016-17, $1.5M in general funding has been secured to support the program. The program is moving towards greater support for underserved communities e.g. rural, minority business, women-owned businesses, LMI areas, among others.

California Small Business Development Center Network Service Areas

www.casbdc.org

Just Finalized….
A New Program

Pennsylvania
700
CA MADE
CA MADE.
CA PROUD.
SUPPORT CALIFORNIA MADE BUSINESSES BY LOOKING FOR THE CA MADE LABEL!
CAMADE.CA.GOV

CA Made is a new state labeling program designed to encourage consumer product awareness and to promote the purchase of products manufactured in California.

Regulations were prepared by GO-Biz to administer the program. The regulations were approved by the Office of Administrative Law effective **June 7, 2016**.

Program enrollment is scheduled to begin in spring/summer 2016.

The Fine Print…

- 51% or more of a product's value added must be from California.
- The finished product must be able to lawfully use a "Made in U.S.A." label pursuant to Section 17533.7 of California's Business and Professions Code.
- Agricultural products subject to Buy California program are excluded.
- A third-party certification is required at least once every three years

Other GO-Biz Programs and Services for Small Business

California Competes Tax Credit
Next Application Round

July 25, 2016, through August 22, 2016 ($75 million available)

http://business.ca.gov/Programs/CaliforniaCompetesTaxCredit.aspx

California Competes Tax Credit

As of June 16, 2016

Fiscal Year 2015-16 Approved Tax Credit Agreements

Name	Primary Location(s)	Industry	Net Increase of Full-Time Employees	Investments	Amount of Tax Credit	Date Agreement Approved	Amount Recaptured
Faraday & Future, Inc.	Gardena, Rancho Dominguez, and San Jose	Automobile Manufacturing	1,990	$311,117,460	$12,725,000	April 14, 2016	
Nordstrom, Inc.	Fresno or Visalia	Online Order Fulfillment Warehouse and Retail Distribution	367	$171,000,000	$11,000,000	April 14, 2016	
NextEV USA, Inc.	San Jose and San Francisco	Automobile Manufacturing	917	$138,315,000	$10,000,000	June 16, 2016	
OWB Packers LLC	Brawley	Beef Processing	605	$38,500,000	$6,000,000	June 16, 2016	
Snapchat, Inc.	Venice Beach	Mobile Application Development	1,194	$32,000,000	$5,000,000	April 14, 2016	
Pacific Steel Group	Fairfield, San Diego, and Los Angeles	Steel Reinforcing Contractors	249	$900,000	$4,000,000	November 10, 2015	
Magic Leap, Inc.	Mountain View and Santa Monica	3D Technology Development	141	$6,149,915	$3,300,000	April 14, 2016	
NerdWallet, Inc.	San Francisco	Online Personal Financial Services	792	$18,348,000	$3,250,000	November 10, 2015	
Pabst Brewing Company LLC	Northern or Central California	Breweries	328	$400,000,000	$3,047,500	June 16, 2016	
GreenPower Motor Company, Inc.	Porterville	Electric Bus Manufacturing	190	$10,950,000	$3,000,000	June 16, 2016	
Credit Karma, Inc.	San Francisco	Online Personal Financial Services	795	$27,736,002	$2,800,000	November 10, 2015	
Stripe, Inc.	San Francisco	Online Payment Processing	1,031	$37,530,000	$2,500,000	November 10, 2015	
Orbital ATK, Inc.	Northridge	Aerospace Component Manufacturing	90	$16,275,154	$2,100,000	November 10, 2015	
Axis Energy Partners LLC	Sacramento	Commercal LED Lighting Wholesaler	102	$3,430,000	$2,000,000	June 16, 2016	
Interra Energy, Inc.	National City	Biofuel and Fertilizer Manufacturing	74	$26,840,000	$2,000,000	June 16, 2016	
CHC Consulting, LLC	Orange, Carlsbad, and San Diego	Engineering and Telecommunications Consulting Services	211	$740,000	$2,000,000	November 10, 2015	
Figtree Company, Inc.	San Diego	Commercal & Residential Lending	197	$9,206,979	$1,950,000	April 14, 2016	
OpenX Technologies, Inc.	Pasadena, Culver City, and Menlo Park	Online Marketing & Advertising	354	$22,500,000	$1,947,000	April 14, 2016	
Millennium Space Systems, Inc.	El Segundo	Aerospace Component Manufacturing	284	$19,939,250	$1,800,000	April 14, 2016	
Pride Resource Partners LLC	San Diego	Architectural and Engineering Consulting Services	251	$12,750,000	$1,800,000	April 14, 2016	
Qico, Inc.	San Diego	Cremation Equipment Manufacturing	80	$14,500,000	$1,600,000	June 16, 2016	
Triumph Fabrications - San Diego, Inc.	El Cajon	Aerospace Component Manufacturing	100	$12,027,432	$1,500,000	June 16, 2016	
WISErg Corporation	Colton	Organic Waste Collection & Composting	159	$14,000,000	$1,500,000	April 14, 2016	
International Business Machines Corporation	San Francisco	Information Technology Services	84	$89,906,667	$1,500,000	November 10, 2015	$1,500,000
Cerner Corporation	Carlsbad, Garden Grove, and Culver City	Healthcare Information Technology and Revenue Management	108	$3,900,000	$1,500,000	November 10, 2015	
Caylym Technologies International, LLC	Fresno	Fire Suppression and Flood Containment Product Manufacturing	53	$3,457,500	$1,500,000	November 10, 2015	
AMPAC Fine Chemicals LLC	Rancho Cordova and El Dorado Hills	Pharmaceutical Manufacturing	135	$98,000,000	$1,250,000	April 14, 2016	
Denso International America, Inc.	Long Beach, Murrieta, Vista, and Compton	Automotive Parts Manufacturing	48	$38,270,500	$1,243,587	June 16, 2016	
Sacramento Venture One LLC	McClellan	Data Center Construction and Management	58	$475,200,000	$1,200,000	June 16, 2016	
Ambry Genetics Corporation	Alisa Viejo	Medical Laboratories	268	$40,500,000	$1,150,000	November 10, 2015	
Lineage Logistics Holdings LLC	Oakland	Refrigerated Warehousing and Storage	532	$91,500,000	$1,100,000	April 14, 2016	
ATK Space Systems, Inc.	San Diego	Aerospace Component Manufacturing	38	$5,250,000	$1,000,000	April 14, 2016	
Axis Medical Technologies LLC	San Diego	Healthcare Information Technology	175	$2,763,000	$1,000,000	April 14, 2016	
L-3 Communications Electron Technologies, Inc.	Torrance	Communication Satellite Component Manufacturing	105	$25,318,140	$1,000,000	April 14, 2016	
Lite Machines Corporation	Vista, Carlsbad, or other location in San Diego County	Unmanned Aerial Systems Manufacturing	90	$8,500,000	$1,000,000	April 14, 2016	
BrightSign, LLC	Los Gatos and Santa Clara	Digital Signage Development	63	$3,784,273	$1,000,000	November 10, 2015	
TriWest Healthcare Alliance Corp.	Rancho Cordova and San Diego	Healthcare Administration	488	$2,684,770	$1,000,000	November 10, 2015	

Sample of Past Awardees $30K and Below

- California Pacific Specialty Woods, LLC - Red Bluff - Lumber Harvesting
- Trader Boys, Inc. - Los Angeles - Furniture Sales
- Agilis Group, Inc. - San Diego - Healthcare Information Technology Services
- G.L. Anderson Insurance Services, Inc. - Folsom - Insurance Agencies and Brokerages
- Elite Power, Inc. - Sacramento - Electrical Contracting
- Cal-Delta Plumbing, Inc. - Sacramento - Plumbing, Heating, and Air-Conditioning Services
- Miner Financial & Insurance - Gold River - Financial & Insurance Services
- SMT, Inc. - Sacramento - Translation and Interpretation Services
- Climate Control, Inc. - Sacramento - Heating and Air-Conditioning Installation and Repair Services
- Solterra Lighting, Inc. - Carlsbad - Commercial Lighting Wholesaler
- Wilmington Instrument Co. - Wilmington - Diagnostic Test Equipment & Services
- MW McWong International, Inc. - Sacramento - Commercial LED Lighting Manufacturing
- Daniel Dubois CPA & Company, Inc. - Aliso Viejo - Accounting Services

GO-BIZ UNIT: PERMIT ASSISTANCE

Core Activities

- Works with State departments and local governments to help businesses comply with regulations.
- The permitting team also administers the state's on-line permit assistance tool for businesses, CalGOLD.

Key Initiatives

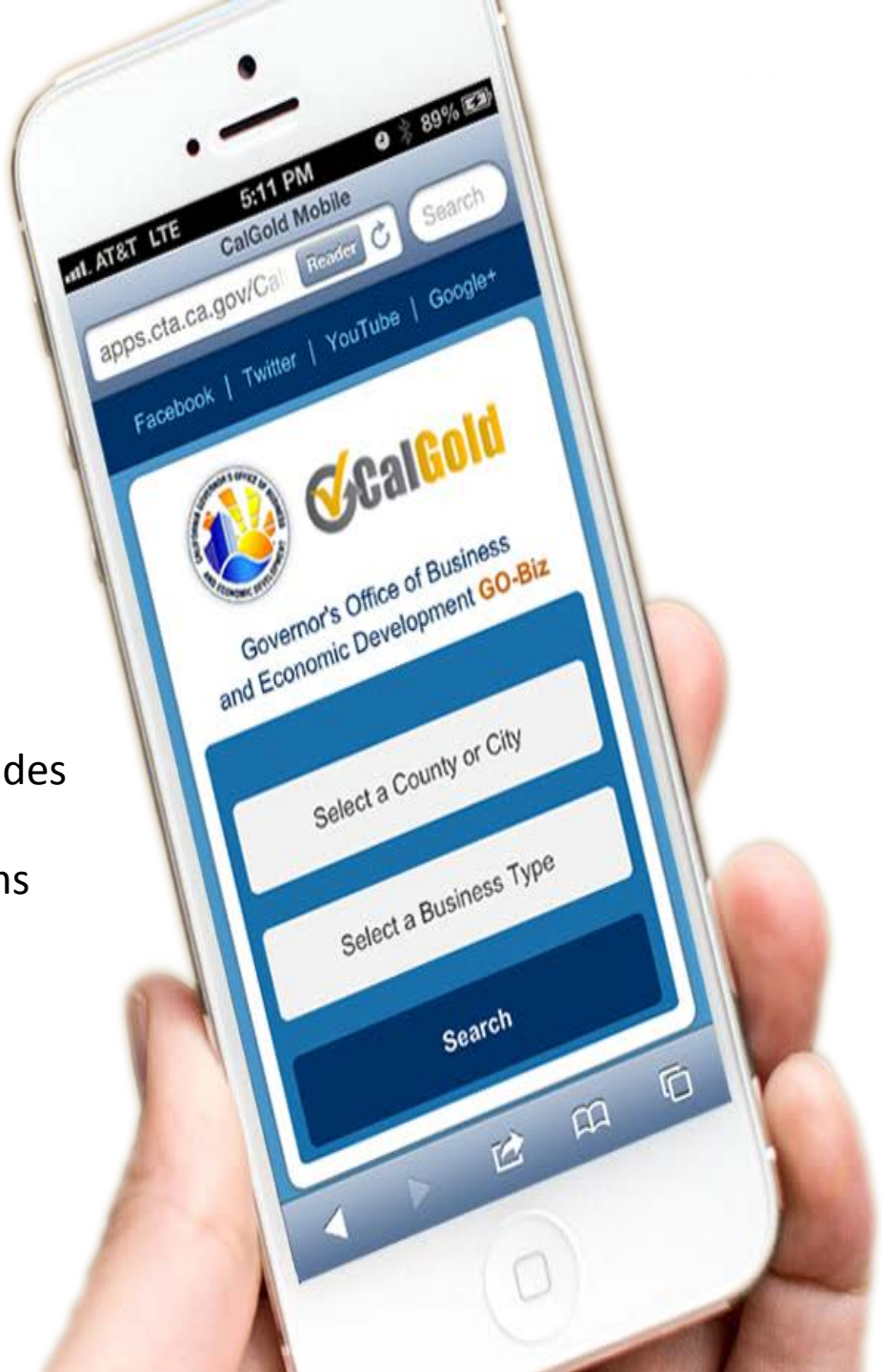
- Environmental Permit Streamlining
- CalGOLD

CalGold

The Gold Standard For Permit Assistance

www.calgold.ca.gov

An online permit assistance tool that provides a listing of federal, state and local permits, webpage links, addresses, application forms and phone numbers for over 150 business types. More than 15,000 new visitors use CalGOLD each month.



GO-BIZ UNIT: IBANK
SMALL BUSINESS LOAN GUARANTEE PROGRAM

Encourages lenders to make small business loans to those businesses having difficulty obtaining access to capital. Special emphasis is placed on the expansion of business and the creation and retention of jobs in California.

Financial institutions, credit unions, and Community Development Finance Institutions (CDFI's) may make small business loans directly to the small business concern with the State Guarantee to minimize their risk of capital. Financial Development Corporation's (FDC's) work with the lenders to issue a guarantee for up to 80% of the loan on behalf of the State. The FDC is an agent of the IBank Small Business Loan Guarantee Program. There are 9 Financial Development Corporations in the state.

Maximum loan amount: $20,000,000

Cal-BIS provides no-fee, tailored site selection services to employers, corporate real estate executives, and site location consultants who are considering California for relocation and/or expansion. A wide array of consultation services are offered, including:

CalBIS
BUSINESS INVESTMENT SERVICES

1 Site Selection

- Free and confidential site selection services
- Provides economic and demographic data

2 Liaison for Other State Agencies

- State and local permit assistance
- Transportation and infrastructure info

3 Expansion in California

- Labor availability and education information
- Financial assistance and loan programs

4 Tax Credits and Incentives

- Governor's Economic Development Initiative
- Employment Training Panel

HTTP://BUSINESS.CA.GOV/RELOCATEEXPAND.ASPX

GO-BIZ UNIT: INNOVATION AND ENTREPRENEURSHIP

The iHub program improves the state's national and global competitiveness by stimulating partnerships, economic development, and job creation around specific research clusters through state-designated iHubs. The iHubs leverage assets such as research parks, technology incubators, universities, and federal laboratories to provide an innovation platform for startup companies, economic development organizations, business groups, and venture capitalists.

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iHub
CALIFORNIA
INNOVATION HUB

GO-BIZ UNIT: INTERNATIONAL TRADE AND INVESTMENT

$165.4 billion in California exports in 2015.

The International Affairs and Business Development unit works to drive business for California and to address barriers to the Golden State's continued global economic strength. The unit provides critical support on issues relating to international trade and investment opportunities, foreign relations, international agreements and partnerships with the countries that have a friendly relationship with California.

Happening Now! $747,000 California STEP Grant available to support and promote exports for California small businesses across all sectors!

www.businessportal.ca.gov

- An online one-stop for business owners.
- Includes:
  - California Business Navigator – custom information based on your business type
  - Service Desk – Information to commonly asked questions
  - Access to CalGOLD
  - Mapping tool to help you help your company identify local business resources, regulatory boundaries and available incentives
  - Quickstart Business Guides

CALIFORNIA
BUSINESS
PORTAL

www.business.ca.gov

@CAGoBiz

Facebook/CAGoBiz

Jesse.Torres@gov.ca.gov

(818) 486-0425 cell

Welcome to the
State Board of Equalization

Basic Sales and Use Tax Class

Presented by: Zachary (Zac) Beshore
& Randall (RJ) Chatigny

Presentation Objectives

- To provide a basic understanding of the Sales and Use Tax Law
- To teach business owners how to avoid common mistakes
- Services available to business owners

A Seller's Permit ...

- Allows sales to be made in California.
- Must be issued in the owner's name for each business address.
- Does not allow buying items for personal use without paying tax.

http://www.boe.ca.gov/info/reg.htm

Do I Need a Seller's Permit?

- Every person, (i.e. individual, firm, partnership, corporation, etc.,)
- Engaged in the business of selling or leasing tangible personal property
- Wholesalers, as well as retailers, must secure such permit.
- No fee is required to obtain a permit

Convenient + No Waiting + Information is secure = Benefits of eReg

Publication 214 – *Doing Business Just Got Easier with eReg*

Online Services - Overview

Customers with a **user ID or an express login code** ready to file or submit a payment, may log in here on our secure site.

Log in

Register for a Permit, License, or Account

You can register online for most sales and use tax accounts and special tax and fee programs, including, but not limited to:

- Seller's Permit
- International Fuel Tax Agreement (IFTA)
- Timber Yield Tax
- California Fuel Trip Permit
- Annual Flat Rate Decals

You can also use the registration system to:

- Pay Use Tax

WWW. BOE.CA.GOV

What Is A Sale?

Any transfer of title or possession of tangible personal property for consideration, *regardless* of when payment is received.

§ 6006, § 6012

What Is Sales Tax?

- Sales tax is imposed upon the retailer (seller) on the sale of tangible personal property at retail in the State of California.
- Retailer <u>may</u> be reimbursed for the sales tax by their customers.
- Tax is due based upon the gross receipts from retail sales.

Presumptions of the Sales and Use Tax Law

- All sales of tangible personal property are taxable unless otherwise specifically exempted.
- Claimed exemptions must be supported by documentation.
- Taxpayer is responsible for maintaining and providing documentation for potential examination.

What Is Use Tax?

- California purchaser owes and must pay the use tax due on items purchased for use, stored, consumed, or given away in California (without payment of tax).
- Out-of-state retailers “engaged in business” in California must collect and pay use tax on items sold to California consumers.

When Might Use Tax Be Due?

Example 1

Inventory items purchased with a resale certificate without payment of tax

Items withdrawn from inventory for use other than resale (including use as gifts and free samples or for personal use)

= **Use Tax Due**

Resale Inventory

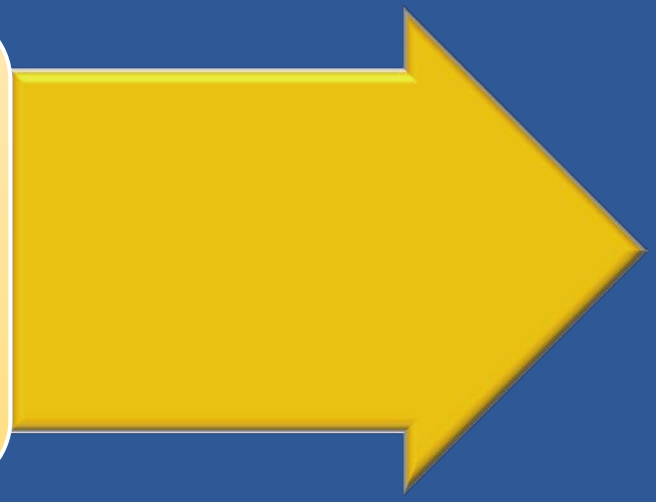
Billy's Bikes

When Might Use Tax Be Due?

Example 2

Items purchased without payment of California sales or use tax:

Purchases from out-of-state businesses



Use Tax Due

How Do I Pay California Use Tax Due?

If you have a Seller's Permit, you must report your purchases subject to use tax on your Sales & Use Tax Return.

If you do not have a Seller's Permit or a Consumer Use Tax account, you may report purchases subject to use tax on:

- Your California Individual Income Tax Return filed with the Franchise Tax Board (FTB), or
- A Consumer Use Tax Return (form BOE 401-DS)

http://www.boe.ca.gov/pdf/boe401a2.pdf

Common Exemptions & Deductions

Sales for Resale

Labor

Sales in Interstate and Foreign Commerce

Sales Tax Included in Gross Receipts

http://www.boe.ca.gov/sutax/staxregs.htm

Sales for Resale

If you purchase tangible personal property for resale, the transaction is not subject to sales or use tax provided the sale is properly documented.

As a result, your supplier will ask you to provide a resale certificate as proof that the property was purchased for resale.

The certificate must be taken on a timely basis and it must include certain specific information.

Publication 73 – *Your California Seller's Permit (includes a copy of a resale certificate)*
Publication 42 – *Resale Certificate Tips*
Publication 103 – *Sales for Resale*

Essential Elements of a Resale Certificate

- Name and address of the purchaser's business
- Purchaser's seller's permit number
- Description of the property to be purchased
- A statement that the described property is being purchased for resale
- Date of the document.
- Signature of the purchaser, purchaser's employee, or authorized representative.

Available in Regulation 1668, Publication 73, and the BOE website, Form BOE-230.

Must be filled out completely

Must be taken timely and in good faith.

BOE-230 (7-02)
GENERAL RESALE CERTIFICATE

STATE OF CALIFORNIA
BOARD OF EQUALIZATION

California Resale Certificate

I HEREBY CERTIFY:

1. I hold valid seller's permit number: _____

2. I am engaged in the business of selling the following type of tangible personal property:

_____

3. This certificate is for the purchase from _____ of the item(s) I have listed in paragraph 5 below.
[Vendor's name]

4. I will resell the item(s) listed in paragraph 5, which I am purchasing under this resale certificate in the form of tangible personal property in the regular course of my business operations, and I will do so prior to making any use of the item(s) other than demonstration and display while holding the item(s) for sale in the regular course of my business. I understand that if I use the item(s) purchased under this certificate in any manner other than as just described, I will owe use tax based on each item's purchase price or as otherwise provided by law.

5. Description of property to be purchased for resale:

_____

_____

_____

6. I have read and understand the following:

For Your Information: A person may be guilty of a misdemeanor under Revenue and Taxation Code section 6094.5 if the purchaser knows at the time of purchase that he or she will not resell the purchased item prior to any use (other than retention, demonstration, or display while holding it for resale) and he or she furnishes a resale certificate to avoid payment to the seller of an amount as tax. Additionally, a person misusing a resale certificate for personal gain or to evade the payment of tax is liable, for each purchase, for the tax that would have been due, plus a penalty of 10 percent of the tax or $500, whichever is more.

NAME OF PURCHASER

SIGNATURE OF PURCHASER, PURCHASER'S EMPLOYEE OR AUTHORIZED REPRESENTATIVE

PRINTED NAME OF PERSON SIGNING | TITLE

ADDRESS OF PURCHASER

TELEPHONE NUMBER ( ) | DATE

Copies of BOE-230, *California Resale Certificate* are available on our website and from our Information Section faxback service.

Sample Resale Certificate

California Resale Certificate

VALLEY MUSIC COMPANY

(Name of Purchaser)

15350 Sherman Way, Van Nuys, CA

(Address of Purchaser)

I HEREBY CERTIFY: That I hold valid seller's permit No. SR AC 99-999999 issued pursuant to the Sales and Use Tax Law; that I am engaged in the business of selling Musical Instruments;

that the tangible property described herein which I shall purchase from STEINWAY PIANO COMPANY

will be resold by me in the form of tangible personal property; provided however, that in the event any of such property is used for any purpose other than retention, demonstration, or display while holding it for sale in the regular course of business, it is understood that I am required by the Sales and Use Tax Law to report and pay tax, measured by the purchase price of such property or other authorized amount.

Description of the property to be purchased: PIANOS

Date: Jan 30 19 96

John Doe

(Signature of Purchaser or Authorized Agent)

PRESIDENT

(Title)

Essential Elements of a Resale Certificate

Good Faith

A seller will be presumed to have taken a resale certificate in good faith if it contains the essential elements and otherwise appears to be valid on its face.

Verify a Seller's Permit

Call 1-888-225-5263

Access our online resale verification program by accessing our website at www.boe.ca.gov

Free BOE app on smart phones and tablets (iPhones/iPads)

Penalties for Misuse of Resale Certificates

Misuse of a resale certificate is a *misdemeanor.*

The penalty is $500 or 10% of the amount of tax *per transaction*, whichever is greater.

Business owners can be held responsible for the actions of their employees.

Purchase Order Used in Addition to Resale Certificate

PURCHASE ORDER

☒ For Resale ☐ Taxable	SR AC 99-999999		Number - 123456 Date -3/5/00
4000	Widgets	$2.00 each	$8000.00

- Must specifically state “For Resale” or other similar terminology.
- Purchase Orders that state “For Resale” must contain the same information as required for a resale certificate

Regulation 1668

Exemption Certificate

California Sales Tax Exemption Certificate

NATIONAL PRODUCE DISTRIBUTING
(Name of Purchaser)

6150 VAN NUYS BOULEVARD, VAN NUYS, CA
(Address of Purchaser)

I HEREBY CERTIFY: That I hold valid seller's permit No. NOT REQUIRED (sales of produce are not subject to tax) issued pursuant to the Sales and Use Tax Law; that I am engaged in the business of selling FRESH PRODUCE that the tangible property described herein which I shall purchase from CANOGA FARMS will be used as PACKAGING FOOD FOR HUMAN CONSUMPTION. I understand that if the property is used for some other manner or some other purpose, I am required by the Sales and Use Tax Law to report and pay any applicable sales or use tax.

Description of the property to be purchased: BASKETS & BOXES FOR FOOD ITEMS

Date: Jan. 30, 2012

Bob Jones
(Signature of Purchaser or Authorized Agent)

PRESIDENT
(Title)

- Similar to resale certificate
- Issued when property will be used in a manner or purpose qualifying the sale to be exempt from sales tax
- The reason why the purchaser is not required to hold a Seller's Permit must be written on the certificate

Regulation 1667
http://www.boe.ca.gov/pdf/reg1667.pdf

Labor Repair & Installation

Non-Taxable Labor:

- **Labor repair**
- **Installation**

<u>Fabrication and Assembly Labor are taxable!</u> Fabrication is considered to be work done in creating, producing, processing, or assembling a product.

Publication 108 – *Labor Charges*
Publication 9 – *Construction and Building Contractors*
Publication 25 – *Auto Repair Garages and Service Stations*
Publication 34 – *Motor Vehicle Dealers*
Publication 35 – *Interior Designers and Decorators*
Publication 37 – *Graphic Design, Printing, and Publishing*
Publication 62 – *Locksmiths*
Publication 125 – *Dry Cleaners*

Sales in Interstate and Foreign Commerce

- Title or possession <u>must</u> pass outside of California's borders.
- Must be shipped out of state by common carrier or retailer's facilities.
- If change of possession or title occurs in California, the sale is taxable unless otherwise exempt.
- Must maintain shipping or export documents.

Publication 101 – *Sales Delivered Outside California*

Sales Tax Included in Gross Receipts

- Invoice should state "Price includes sales tax", not "Includes all applicable taxes."
- Post a clearly visible sign at the business premises, or include on a price tag or advertisement one of the following notices:

"All prices of taxable items include sales tax reimbursement computed to the nearest mill"

or

"The price of the item included sales tax reimbursement computed to the nearest mill"

Regulation 1700

Sales Tax Included in Gross Receipts

- When sales tax is included in the gross receipts, the tax amount needs to be deducted in order to reach the taxable measure.

- To find the ex-tax taxable measure when tax is included, divide sales by 1+ the tax rate.

(example with 8.25% tax rate)

10.00 ÷ 1.0825 = 9.24
10.00 – 9.24 = .76 tax included

If the amount you reported as gross receipts includes sales tax, you must deduct "sales tax included" on the deductions tab of your return or report the calculated ex-tax gross receipts and take **no deduction.**

Other Exemptions & Deductions

Delivery Charges – Non taxable if shipped by common carrier & actual cost charged to customer. If more than cost or own vehicle used and item sold is exempt then non-taxable. (Publication 100 & Regulation 1628)

Bad Debts - Deductible only for previously reported taxable sales that have been written off on the business owner's books and records. (Regulation 1642)

Tax-paid Purchases Resold Prior to Use – If a vendor charged tax for your inventory items. (Regulation 1655)

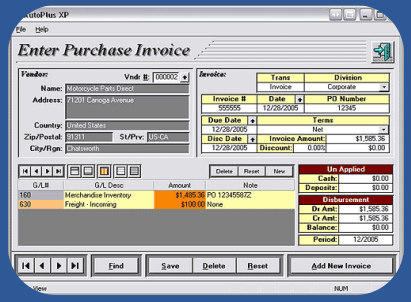
Returned Taxable Merchandise – Retailer must refund the customer's entire sales amount including sales tax.

Numerous Other Exemptions - See Publication 61, Sales and Use Taxes: Exemptions and Exclusions

http://www.boe.ca.gov/sutax/staxregs.htm

Required records must be maintained for at least 4 years

Records of sales including: sales invoices, cash register tapes, sales journals, etc.



Records of purchases including: purchase invoices, cancelled checks, purchase journals, etc.

California Resale Certificate

VALLEY MUSIC COMPANY
(Name of Purchaser)
15350 Sherman Way, Van Nuys, CA
(Address of Purchaser)

I HEREBY CERTIFY: That I hold valid seller's permit No. SR AC 99-999999 issued pursuant to the Sales and Use Tax Law; that I am engaged in the business of selling Musical Instruments

that the tangible property described herein which I shall purchase from STEINWAY PIANO COMPANY

will be resold by me in the form of tangible personal property; provided however, that in the event any of such property is used for any purpose other than retention, demonstration, or display while holding it for sale in the regular course of business, it is understood that I am required by the Sales and Use Tax Law to report and pay tax, measured by the purchase price of such property or other authorized amount.

Description of the property to be purchased: PIANOS

Date: Jan 30 19 96

John Doe
(Signature of Purchaser or Authorized Agent)
PRESIDENT
(Title)

Documentation to support claimed exemptions such as: resale certificates, exemption certificates, purchase orders, shipping documents, etc.

	A	B	C	D
1	List1	Quantity	Price per Unit L1	
2	Item1	5	5	
3	Item2	7	6	
4	Item4	4	3	
5	Item4	3	3.5	
6	Item5	2	4.5	
7				
8	List2	Quantity	Price per Unit L2	
9	Item1	5	3	
10	Item2	7	6	
11	Item5	2	3	
12	Item6	8	3.5	
13	Item7	7	4.5	
14				
15	Consolidate Lists			
16		Quantity	Price per Unit L1	Price per Unit L2
17	Item1	10	5	5
18	Item2	14	6	6
19	Item3	4	3	
20	Item4	3	3.5	
21	Item5	4	4.5	3
22	Item6	8		3.5
	Item7	7		4.5

Normal books of account.

Schedules or working papers used in preparing tax returns.

Publication 116 – *Sales and Use Tax Records*

Other Important Facts and Responsibilities

Advise the BOE of ownership changes. This may affect your liability for future taxes.

Advise the BOE of changes in business, mailing, and email addresses.

Retailers should report sales in the return period when the sale is made even though payment may be received in a later return period.

Retailers are responsible for payment of sales tax even when the customer does not pay it.

Publication 73 – *Your California Seller's Permit*
Publication 74 – *Closing Out Your Seller's Permit*

Other Online Services Available

BOE Website (www.boe.ca.gov)

- Online Verification of Seller's Permit Numbers
- Enhanced Tutorials
- Email Notification Lists
- Class & Seminar Schedules
- Publications Specific to Your Type of Business
- Frequently Asked Questions (FAQ's)
- Directory of BOE Offices
- Tax News, Special Notices
- Credit Card Payments
- Useful Links to Other Websites

Taxpayer Information Section

Taxpayer Information Section (general tax questions answered)

1-800-400-7115

Mon – Fri, 8:00 a.m. to 5:00 p.m.

24 hr. fax-back service for commonly requested forms and publications to choose from automatically faxed back to you.

24 hr voice recordings on specific topics

1-800-735-2929

Taxpayers' Rights Advocate

888-324-2798

If you have been unable to resolve a disagreement with the BOE and you would like to know more about your rights under the law.

www.boe.ca.gov/tra/tra.htm

Publication 70 - *Understanding Your Rights as a California Taxpayer*

Get It in Writing

Revenue and Taxation Code section 6596 - Excusable Delay-Reliance on Advice, states:

"If the Board finds that a person's failure to make a timely return or payment is due to the person's reasonable reliance on written advice from the Board, the person may be relieved of taxes imposed by §6051 and §6201 and any penalty or interest added thereto...".

We wish you success in your business venture!

Recordkeeping for Small Business/Self Employed Individuals

IRS

Date

Agenda

- Necessity of books and records
- Definition of books and records
- Specific types of records needed
- Maintaining books and records

IRS

Necessity of Books and Records

- Monitor the business's progress
- Prepare financial statements
- Keep track of deductible expenses

IRS

Necessity of Books and Records

- Prepare tax returns
- Prepare for examination
- Business
  - Verify expenses
  - Proof of payment not enough

IRS

Books and Records

- Records
- Tax purpose of a record
- Accounting entry
- Accounting book
- Income statement
- Balance sheet

UETA Definition of Electronic Books and Records

Uniform Electronic Transaction Act defines electronic records that, by electronic means, are:

- Created
- Generated
- Sent
- Communicated
- Received, or
- Stored

IRS

Electronic Documentation and the Audit Process

- Records generally accepted by the IRS
- Follow rules when providing electronic records to the IRS
- Revenue Procedure 98-25

IRS

Record Types Needed
Gross Receipts

- Cash register tapes
- Receipt book
- Sales
- Invoices
- Credit charge slips
- Forms 1099

IRS

Record Types Needed Purchases and Expenses

- Amount paid
- Amount was for business purchases

IRS

Record Types Needed (Cont'd)

Charitable Contributions, Travel, Transportation, Entertainment, Gifts

- Amount
- Each date
- Description
- Explanation of business benefit gained

IRS

Record Types Required Employment Taxes

- Names
- Addresses and
- Taxpayer identification numbers for individuals
  - who work for you or
  - performs services and receives payment

IRS

Record Types Needed - Assets

- Property used in business must be substantiated
- Maintaining records that show
- When and how property acquired
- Purchase price, and
- Use of property

IRS

Maintenance of Books and Records

- Use the method that works best
- Records should say:
  - what was received
  - from whom
  - for what reason
- Keep records timely

IRS

Responsibility of Books and Records

- Taxpayer/business owner responsible for maintaining adequate books and records
- If paid preparer used, preparer's records needed also

How Long to Keep Records

- Generally, three years from filing date to examine tax return
- Tax records must be kept at least until statute of limitations expires
- Certain tax returns much longer
- Keep source records (checks, receipts, and proof of business purpose) at least three years

IRS

How Long to Keep Records (Cont'd)

- Until deduction no longer claimed
- Employment tax records, four years
- Assets, until sold or removed
- IRA contributions, permanently
- Broker statements, expiration of limitation period
- Improvements to residence, until sold
- Net operating losses, until statute of limitations expired on last tax return claiming a loss
- Follow state recordkeeping laws also

IRS

IRS Resources

- Publication 15, Circular E - Employers Tax Guide
- Publication 463, Travel, Entertainment, Gift, and Car Expenses
- Publication 535, Business Expenses
- Publication 536, Net Operating Losses
- Publication 547, Casualties, Disasters and Thefts
- Publication 556, Examination of Returns, Appeal Rights & Claims

IRS

IRS Resources

- Publication 594, The IRS Collection Process
- Publication 3498, The Examination Process
- Publication 5, Appeal Rights and Preparation of Protests for Unagreed Cases
- Circular 230, Regulations Governing the Practice of Attorneys, Certified Public Accountants, enrolled Agents, Enrolled Actuaries, and Appraisers before the Internal Revenue Service
- Publication 583, Starting a Business and Keeping Records

IRS

IRS Resources (Cont'd.)

- Publication 225, Farmers Tax Guide
- Publication 1066-C, A Virtual Small Business Workshop CD
- Publication 2194, Disaster Losses Kit for Individuals
- Publication 2194B, Disaster Losses Kit for Businesses
- Publication 4758, Reconstructing Your Records
- Publication 4796, IRS Records at Your Fingertips
- Visit IRS.gov

IRS

2015

State of California
Franchise Tax Board

Forms of Ownership

Presented by

Small Business Education and Outreach Section

2015

State of California
Franchise Tax Board

Sole Proprietorships

State of California
Franchise Tax Board

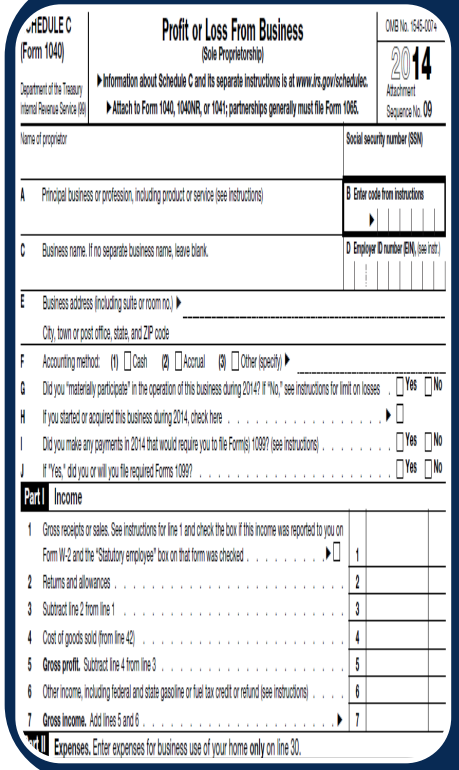
Sole Proprietorship Characteristics

The simplest form of doing business.

No formal transfer of assets to start business.

Business' taxable year is the same as the owner's taxable year.

Sole Proprietorship Characteristics


SCHEDULE C (Form 1040)
Department of the Treasury Internal Revenue Service (99)

Profit or Loss From Business
(Sole Proprietorship)
▶ Information about Schedule C and its separate instructions is at www.irs.gov/schedulec.
▶ Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.

OMB No. 1545-0074
2014
Attachment Sequence No. 09

Name of proprietor | Social security number (SSN)

A Principal business or profession, including product or service (see instructions) | B Enter code from instructions

C Business name. If no separate business name, leave blank. | D Employer ID number (EIN), (see instr.)

E Business address (including suite or room no.) ▶
City, town or post office, state, and ZIP code

F Accounting method: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify) ▶

G Did you "materially participate" in the operation of this business during 2014? If "No," see instructions for limit on losses . ☐ Yes ☐ No

H If you started or acquired this business during 2014, check here . . . . . ▶ ☐

I Did you make any payments in 2014 that would require you to file Form(s) 1099? (see instructions) . . . . . ☐ Yes ☐ No

J If "Yes," did you or will you file required Forms 1099? . . . . . ☐ Yes ☐ No

Part I Income

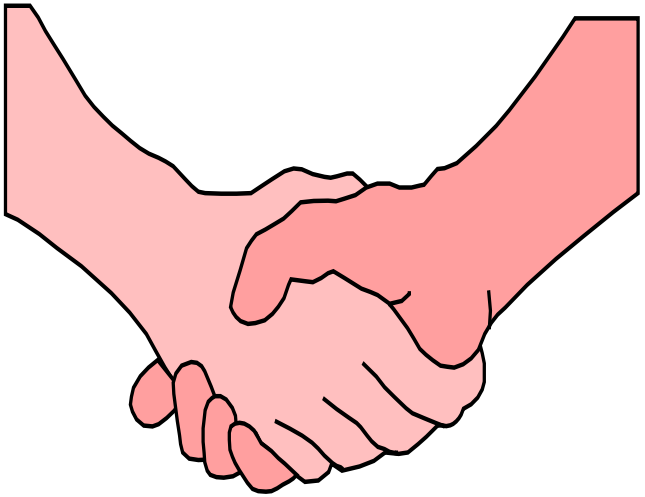
1	Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked . . . . . ▶ ☐	1	
2	Returns and allowances	2	
3	Subtract line 2 from line 1	3	
4	Cost of goods sold (from line 42)	4	
5	**Gross profit.** Subtract line 4 from line 3	5	
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	
7	**Gross income.** Add lines 5 and 6 . . . . . ▶	7	

Part II Expenses. Enter expenses for business use of your home only on line 30.

- Sole proprietors use Schedule C to report the business' profit or loss on their Form 540 income tax returns whether distributed or not.
- Losses generally offset other income.
- Sole proprietor is not considered to be an employee of the business.

State of California
Franchise Tax Board

General Partnerships

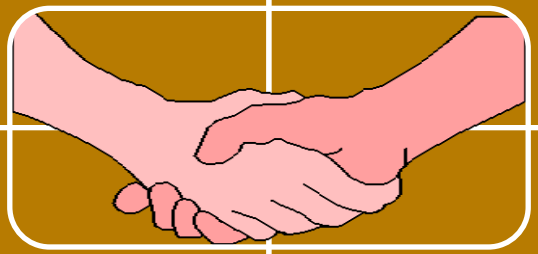


State of California
Franchise Tax Board

Partnership Characteristics

Two or more persons carrying on a business for profit.

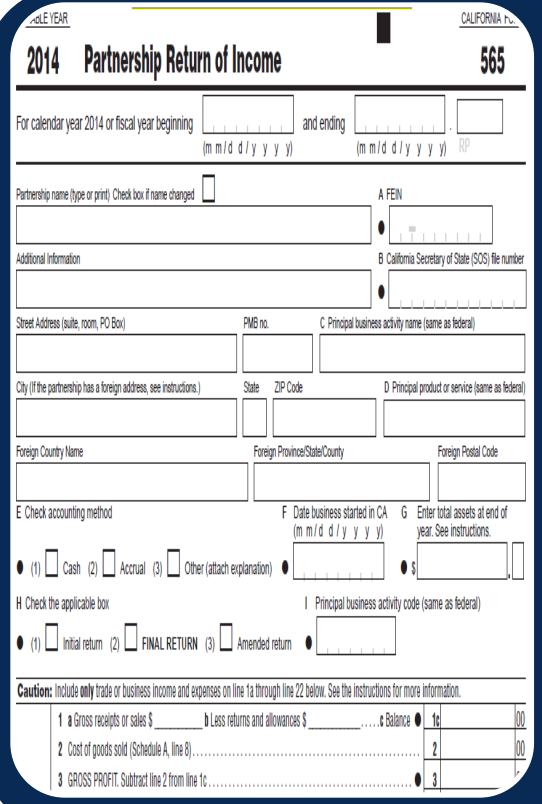
Flexible form of business and relatively easy to set up.



Partners decide the organization's structure and distribution of profits and losses.

A formal written agreement is advisable.

Partnership Characteristics



2014 Partnership Return of Income 565

For calendar year 2014 or fiscal year beginning (m m / d d / y y y y) and ending (m m / d d / y y y y)

Partnership name (type or print) Check box if name changed

A FEIN

Additional Information

B California Secretary of State (SOS) file number

Street Address (suite, room, PO Box) PMB no. C Principal business activity name (same as federal)

City (If the partnership has a foreign address, see instructions.) State ZIP Code D Principal product or service (same as federal)

Foreign Country Name Foreign Province/State/County Foreign Postal Code

E Check accounting method

(1) Cash (2) Accrual (3) Other (attach explanation)

F Date business started in CA (m m / d d / y y y y)

G Enter total assets at end of year. See instructions.

H Check the applicable box

(1) Initial return (2) FINAL RETURN (3) Amended return

I Principal business activity code (same as federal)

Caution: Include **only** trade or business income and expenses on line 1a through line 22 below. See the instructions for more information.

1 a Gross receipts or sales $ b Less returns and allowances $ c Balance 1c 00

2 Cost of goods sold (Schedule A, line 8) 2 00

3 GROSS PROFIT. Subtract line 2 from line 1c 3

- Not a separate taxable entity.
- Partnership files informational return using Form 565.
- Partners report profit or loss on their individual Form 540 income tax returns whether distributed or not.
- Losses may be limited.

Most Commonly Used Legal Entities

Corporations

Limited Liability Companies

There are other less common legal entities types available. For more information see our publication FTB 1123, *Forms of Ownership.*

California Legal Entities

Formed by filing the appropriate documents or forms with the California Secretary of State.

Corporation	Limited Liability Company
• Articles of Incorporation • Various Forms • Minimum Tax	• Articles of Organization • Form LLC-1 • Annual Tax and Fee

Taxed annually until formally dissolved or cancelled.

2015

State of California
Franchise Tax Board

C Corporations

State of California
Franchise Tax Board

C Corporation Characteristics

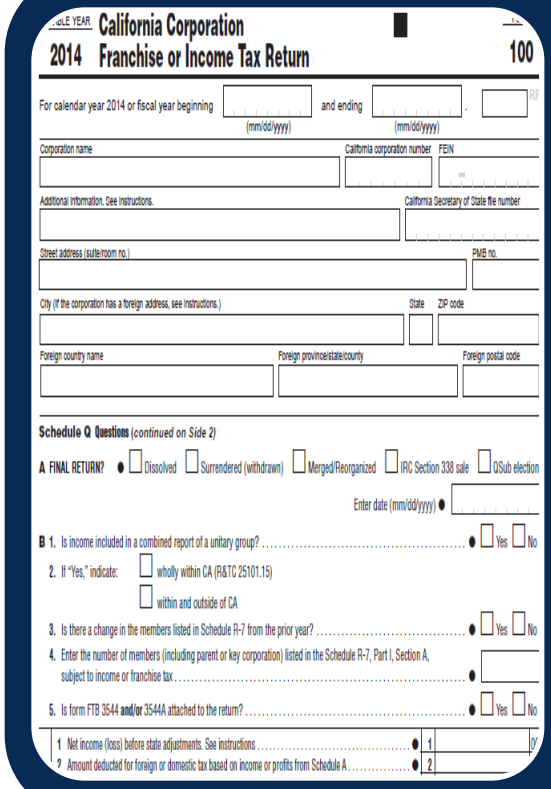
A separate legal entity owned by shareholders.

Must register with SOS before conducting business.

Can be costly to set up and maintain.

Option of choosing an income year other than the calendar year.

C Corporation Characteristics



LE YEAR **California Corporation**
2014 Franchise or Income Tax Return **100**

For calendar year 2014 or fiscal year beginning (mm/dd/yyyy) and ending (mm/dd/yyyy)

Corporation name | California corporation number | FEIN

Additional information. See instructions. | California Secretary of State file number

Street address (suite/room no.) | PMB no.

City (if the corporation has a foreign address, see instructions.) | State | ZIP code

Foreign country name | Foreign province/state/county | Foreign postal code

Schedule Q Questions *(continued on Side 2)*

A FINAL RETURN? ● ☐ Dissolved ☐ Surrendered (withdrawn) ☐ Merged/Reorganized ☐ IRC Section 338 sale ☐ QSub election

Enter date (mm/dd/yyyy) ●

B 1. Is income included in a combined report of a unitary group? ● ☐ Yes ☐ No

2. If "Yes," indicate: ☐ wholly within CA (R&TC 25101.15) ☐ within and outside of CA

3. Is there a change in the members listed in Schedule R-7 from the prior year? ● ☐ Yes ☐ No

4. Enter the number of members (including parent or key corporation) listed in the Schedule R-7, Part I, Section A, subject to income or franchise tax ●

5. Is form FTB 3544 **and/or** 3544A attached to the return? ● ☐ Yes ☐ No

1 Net income (loss) before state adjustments. See instructions ● 1

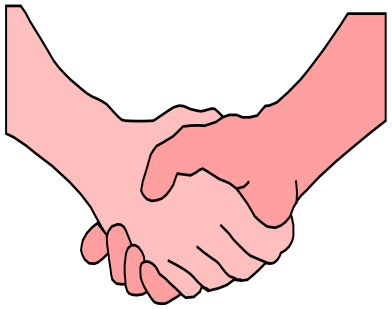
2 Amount deducted for foreign or domestic tax based on income or profits from Schedule A ● 2

- Files using Form 100.
- Taxed annually on its earnings at a rate of 8.84% on net income.
- Subject to $800 minimum tax.
- Shareholders taxed on distributed dividends.

2015

State of California
Franchise Tax Board

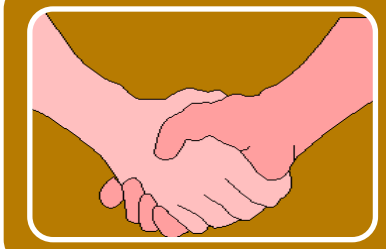
S Corporations



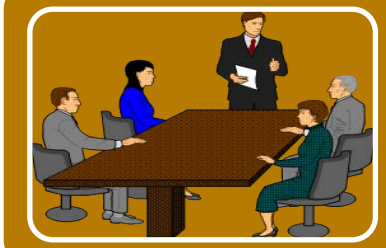
State of California
Franchise Tax Board

S Corporation Characteristics

A separate legal entity owned by shareholders.



Must register with SOS before conducting business.



Election is made for S corporation status.

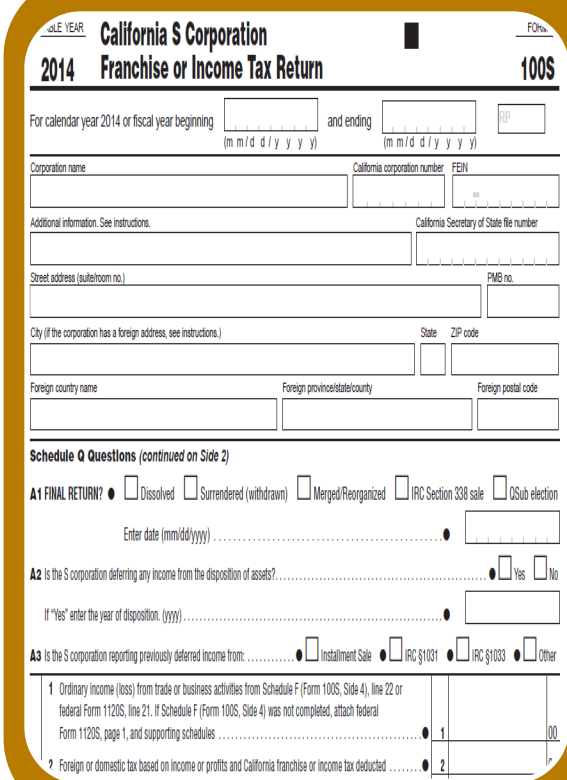
S Corporation Characteristics

No more than 100 shareholders.

Only one class of stock.

Shareholder can only be individuals, estates, or certain trusts.

S Corporation Characteristics



BLE YEAR **California S Corporation** FORM

2014 **Franchise or Income Tax Return** **100S**

For calendar year 2014 or fiscal year beginning (m m / d d / y y y y) and ending (m m / d d / y y y y) RP

Corporation name | California corporation number | FEIN

Additional information. See instructions. | California Secretary of State file number

Street address (suite/room no.) | PMB no.

City (if the corporation has a foreign address, see instructions.) | State | ZIP code

Foreign country name | Foreign province/state/county | Foreign postal code

Schedule Q Questions *(continued on Side 2)*

A1 FINAL RETURN? ● ☐ Dissolved ☐ Surrendered (withdrawn) ☐ Merged/Reorganized ☐ IRC Section 338 sale ☐ QSub election

Enter date (mm/dd/yyyy) ..... ●

A2 Is the S corporation deferring any income from the disposition of assets? ..... ● ☐ Yes ☐ No

If "Yes" enter the year of disposition. (yyyy) ..... ●

A3 Is the S corporation reporting previously deferred income from: ..... ● ☐ Installment Sale ● ☐ IRC §1031 ● ☐ IRC §1033 ● ☐ Other

1 Ordinary income (loss) from trade or business activities from Schedule F (Form 100S, Side 4), line 22 or federal Form 1120S, line 21. If Schedule F (Form 100S, Side 4) was not completed, attach federal Form 1120S, page 1, and supporting schedules ..... ● 1 00

2 Foreign or domestic tax based on income or profits and California franchise or income tax deducted ..... ● 2

- A hybrid business entity.
- Files using Form 100S.
- State tax rate of 1.5% of net income. Not subject to federal tax.
- Subject to $800 minimum tax.
- Shareholders report profit or loss on their individual Form 540 income tax returns whether distributed or not.

2015

State of California
Franchise Tax Board

Limited Liability Companies (LLC)

State of California
Franchise Tax Board

LLC Characteristics

A separate legal entity owned by members.

Must register with SOS before conducting business.

A hybrid business entity.

Restriction may apply to professional services that require a license, certification, or registration.

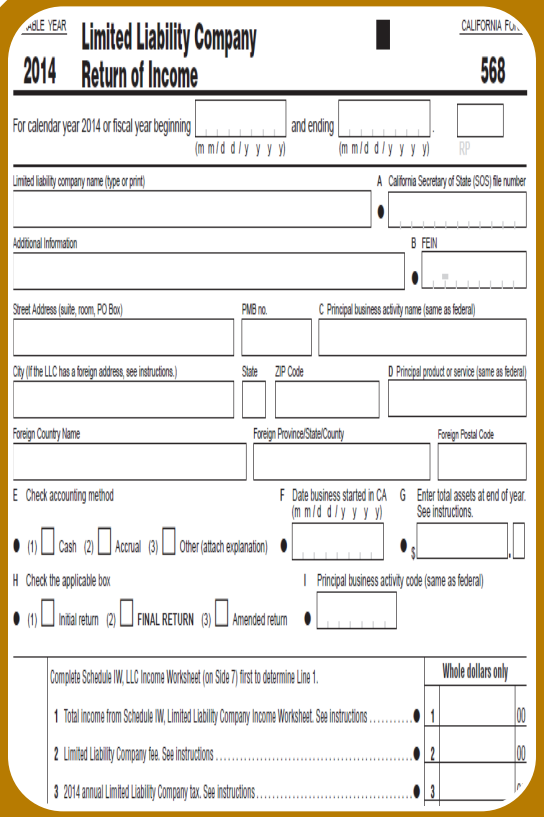
LLC Characteristics

IRS corporation classification: follow corporation rules.

IRS partnership classification: follow partnership rules.

For California only. A single member classification: follow sole proprietor rules.

LLC Characteristics
Single Member and Partnership


ABLE YEAR
2014
Limited Liability Company
Return of Income
CALIFORNIA FO
568

For calendar year 2014 or fiscal year beginning (m m / d d / y y y y) and ending (m m / d d / y y y y). RP

Limited liability company name (type or print)
A California Secretary of State (SOS) file number

Additional Information
B FEIN

Street Address (suite, room, PO Box)
PMB no.
C Principal business activity name (same as federal)

City (If the LLC has a foreign address, see instructions.)
State
ZIP Code
D Principal product or service (same as federal)

Foreign Country Name
Foreign Province/State/County
Foreign Postal Code

E Check accounting method
(1) Cash (2) Accrual (3) Other (attach explanation)
F Date business started in CA (m m / d d / y y y y)
G Enter total assets at end of year. See instructions.
$

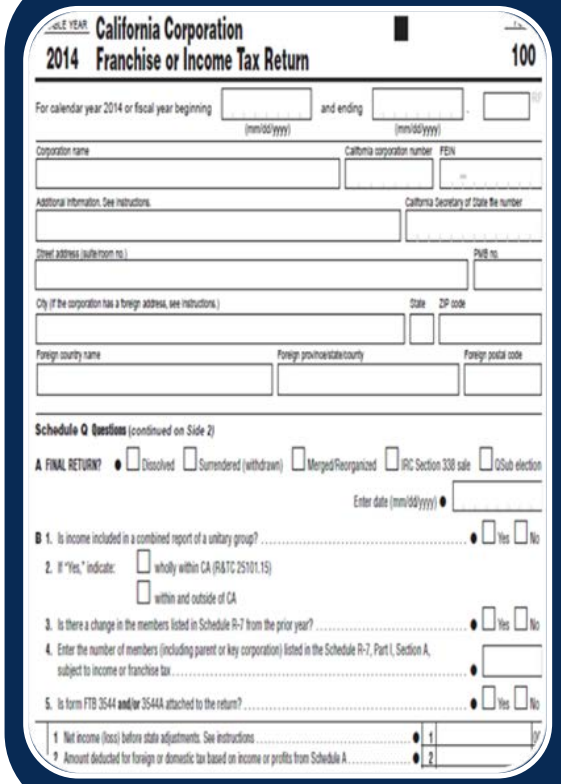
H Check the applicable box
(1) Initial return (2) FINAL RETURN (3) Amended return
I Principal business activity code (same as federal)

Complete Schedule IW, LLC Income Worksheet (on Side 7) first to determine Line 1.
Whole dollars only

1 Total income from Schedule IW, Limited Liability Company Income Worksheet. See instructions 1 00
2 Limited Liability Company fee. See instructions 2 00
3 2014 annual Limited Liability Company tax. See instructions 3

- Single or partnership classified LLCs file using Form 568.
- Subject to $800 annual tax.
- Maybe subject to an LLC fee based on total income (gross income plus cost of goods).
- Members report their share of profit or loss on Form 540 income tax returns whether distributed or not.

LLC Characteristics
C Corporation Classification


California Corporation
2014 Franchise or Income Tax Return
100

For calendar year 2014 or fiscal year beginning (mm/dd/yyyy) and ending (mm/dd/yyyy)

Corporation name | California corporation number | FEIN

Additional information. See instructions. | California Secretary of State file number

Street address (suite/room no.) | PMB no.

City (If the corporation has a foreign address, see instructions.) | State | ZIP code

Foreign country name | Foreign province/state/county | Foreign postal code

Schedule Q Questions (continued on Side 2)

A FINAL RETURN? ● ☐ Dissolved ☐ Surrendered (withdrawn) ☐ Merged/Reorganized ☐ IRC Section 338 sale ☐ QSub election

Enter date (mm/dd/yyyy) ●

B 1. Is income included in a combined report of a unitary group? ● ☐ Yes ☐ No

2. If "Yes," indicate: ☐ wholly within CA (R&TC 25101.15) ☐ within and outside of CA

3. Is there a change in the members listed in Schedule R-7 from the prior year? ● ☐ Yes ☐ No

4. Enter the number of members (including parent or key corporation) listed in the Schedule R-7, Part I, Section A, subject to income or franchise tax ●

5. Is form FTB 3544 and/or 3544A attached to the return? ● ☐ Yes ☐ No

1 Net income (loss) before state adjustments. See instructions ● 1

2 Amount deducted for foreign or domestic tax based on income or profits from Schedule A ● 2

- C Corporation classified LLCs file using Form 100.
- Taxed annually on its earnings at a rate of 8.84% on net income.
- Subject to $800 minimum tax.
- Members receive profits and losses like C corporation shareholder.

LLC Characteristics
S Corporation Election

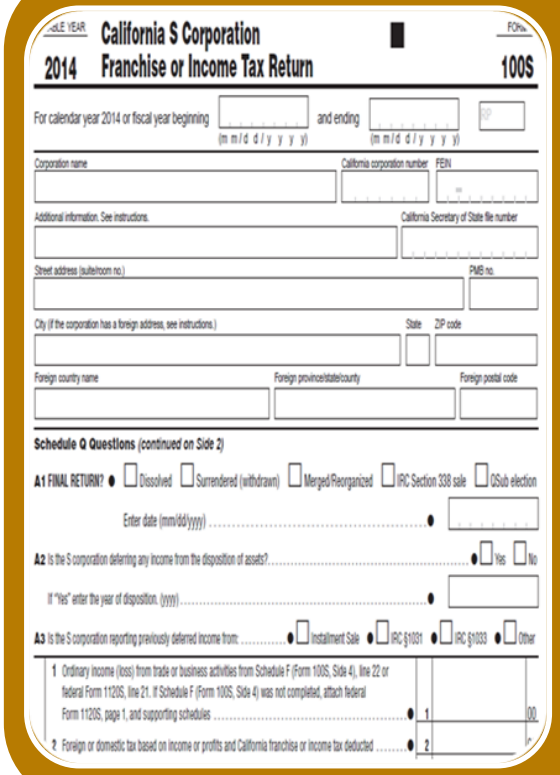


TABLE YEAR **California S Corporation** FORM
2014 Franchise or Income Tax Return **100S**

For calendar year 2014 or fiscal year beginning (m m/d d/y y y y) and ending (m m/d d/y y y y)

Corporation name | California corporation number | FEIN

Additional information. See instructions. | California Secretary of State file number

Street address (suite/room no.) | PMB no.

City (if the corporation has a foreign address, see instructions.) | State | ZIP code

Foreign country name | Foreign province/state/county | Foreign postal code

Schedule Q Questions *(continued on Side 2)*

A1 FINAL RETURN? ☐ Dissolved ☐ Surrendered (withdrawn) ☐ Merged/Reorganized ☐ IRC Section 338 sale ☐ QSub election

Enter date (mm/dd/yyyy)

A2 Is the S corporation deferring any income from the disposition of assets? ☐ Yes ☐ No

If "Yes" enter the year of disposition. (yyyy)

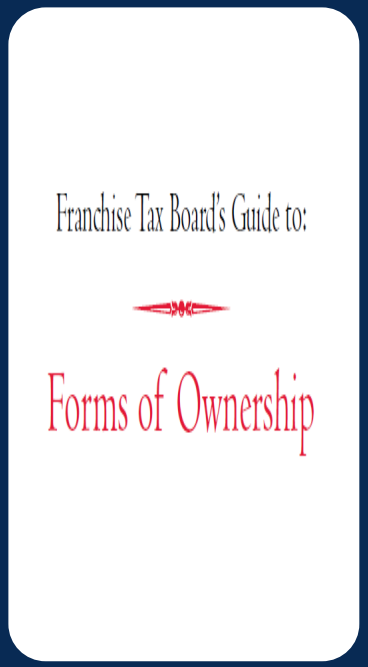
A3 Is the S corporation reporting previously deferred income from: ☐ Installment Sale ☐ IRC §1031 ☐ IRC §1033 ☐ Other

1 Ordinary income (loss) from trade or business activities from Schedule F (Form 100S, Side 4), line 22 or federal Form 1120S, line 21. If Schedule F (Form 100S, Side 4) was not completed, attach federal Form 1120S, page 1, and supporting schedules 1 00

2 Foreign or domestic tax based on income or profits and California franchise or income tax deducted 2

- S Corporation classified LLCs file using Form 100S.
- State tax rate of 1.5% on net income. Not subject to federal tax.
- Subject to $800 minimum tax.
- Members report their share of profit or loss on Form 540 income tax returns whether distributed or not.

Forms of Ownership Information



FTB Publication 1123, *Franchise Tax Board's Guide to Forms of Ownership*

Alvaro Hernandez
FTB Small Business Liaison

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Employee

or

Independent Contractor

Introduction

Employment Tax Consultant

www.edd.ca.gov

Taxpayer Assistance Center:

1-888-745-3886

Objectives

- Discuss the importance of proper worker classification.
- Explain the differences between employees and independent contractors.
- Define common law, statutory, and excluded employment.
- Identify resources to help properly classify workers.

Reasons to Properly Classify Workers

- Promote fair competition.
- Safeguard workers' rights.
- Avoid investigations due to:
  - Worker Claims
  - Worker and Competitor Informants
- Avoid additional taxes, penalties, and interest.
- Protect from possible revocation of your state or local licenses.

Misclassification Example

One worker, earning $20,000 for one year (tax year 2015)	Employer A (Correctly classifies worker as employee)	Employer B (Misclassifies worker as independent contractor)
UI (3.4 percent)* *New employer rate	$238	$238
ETT (0.1 percent)	$7	$7
SDI (0.9 percent)		$180
PIT		$1,200 (6 percent)
Total due for one year	$245	$1,625** ** Plus penalty and interest

Types of Workers

- Employees
  - ✓ Common Law
  - ✓ Statutory
  - ✓ Excluded Services
- Independent Contractors

Common Law Guidelines

Common Law Employee:

An individual who performs services for you, and you have the **right** to control the manner and means of how they do their work.

Independent Contractor:

An individual who performs services for you who is not a common law or statutory employee.

Common Law Primary Factor

The **right** of the principal to control the manner and means of accomplishing a desired result.

The right to discharge a worker at will is strong evidence of the right to control.

Common Law Secondary Factors

FACTORS	EMPLOYEE	INDEPENDENT CONTRACTOR
Distinct trade or occupation	No separately established business	Separately established business
Supervision	Follows procedures	Own methods
Skill level	Training	Own expertise
Tools and place of work	Business provides	Worker provides
Length of time	Continuous	Isolated event
Method of payment	Guaranteed payment	Sets rate and pay date
Regular part of business	Vital to business	Incidental to business
Belief of parties	Employee	Independent contractor
Extent of actual control	Owner sets work schedule	Worker sets schedule
Services benefit principal	Benefits owner's business	Benefits owner as individual
Profit or loss	No investment or financial risk	Investment and financial risk

Statutory Employees

Employee by law under a specific statute.

Examples include, but are not limited to:

- ✓ Corporate officers
- ✓ Unlicensed contractors
- ✓ Certain Limited Liability Company (LLC) members

Resources:

Statutory Employees (DE 231SE)

Payments to Corporate Officers (DE 231PC)

Limited Liability Entities (DE 231LLC)

Excluded Services

Certain employees are not subject to specific taxes or withholding provisions.

Examples include, but are not limited to:

- Domestic Workers
- Family Members
- Direct Sellers
- Real Estate Agents

Exempt Employment (DE 231EE)

Additional Resources

- *California Employer's Guide* (DE 44)
- *Information Sheet: Employment* (DE 231)
- *Employment Determination Guide* (DE 38)
- *Determination of Employment Work Status for Purposes of State of California Employment Taxes and Personal Income Tax Withholding* (DE 1870)
- *Employee or Independent Contractor Seminars at: http://www.edd.ca.gov/Payroll_Tax_Seminars/*

e-Services for Business

- Fast, easy, and secure way to manage your payroll taxes online.
- View and edit returns or reports prior to submission.
- Available 24 hours a day, 7 days a week.

https://eddservices.edd.ca.gov/index.html

e-Services for Business Features

- Register for an employer account
- File returns and reports online
- Make payments by EFT or credit card
- View account balance
- View payroll tax rates
- Make account updates
- View previous returns and payments
- Close account

Thank You!

Questions?

AMERICA'S SBDC CALIFORNIA
NORTHEASTERN CA NETWORK
BUTTE COLLEGE

Marketing

ANALYTICS

Customer Analytics

analyze customer data

optimize customer decisions

use the analytical insight to design customer-focused programs

Profiling-----***build up reservoirs of knowledge about the most typical customers***.

understand who the customers are (e.g. their age, location, life-stage, income band, property values and lifestyle choices).

how they interact with the products and services (e.g. How often do they purchase, how much, and when).

Are you providing a necessity, a luxury or a default option?

http://birtanalytics.actuate.com/customer-analytics

Marketing

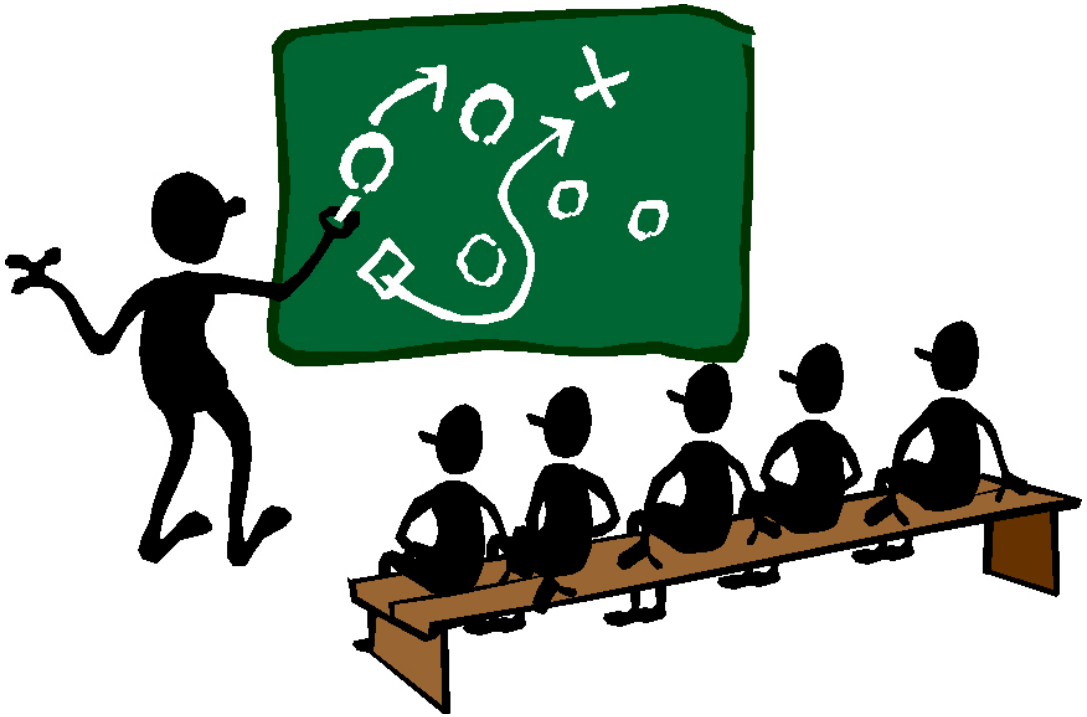
Website
Social Media
Advertising

Marketing

Most everyone understands their

…not so much about the customers who do the purchasing

WHAT IS YOUR PLAN?



1st----How many do you need?

2nd--How do you intend to get them?

FOOS
Strategy

KT
Strategy

H&P
Strategy

Primary Customer Demographics:

-Age

-Gender

-Income

-Lifestyle

-Education

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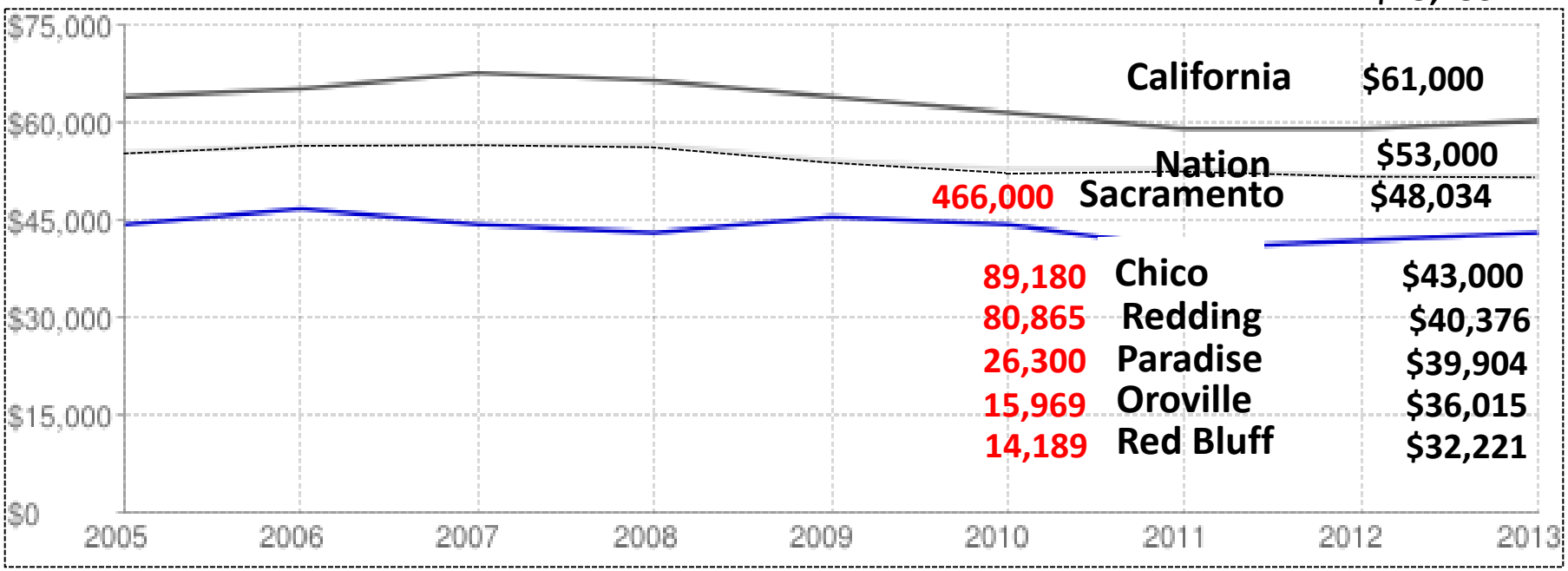
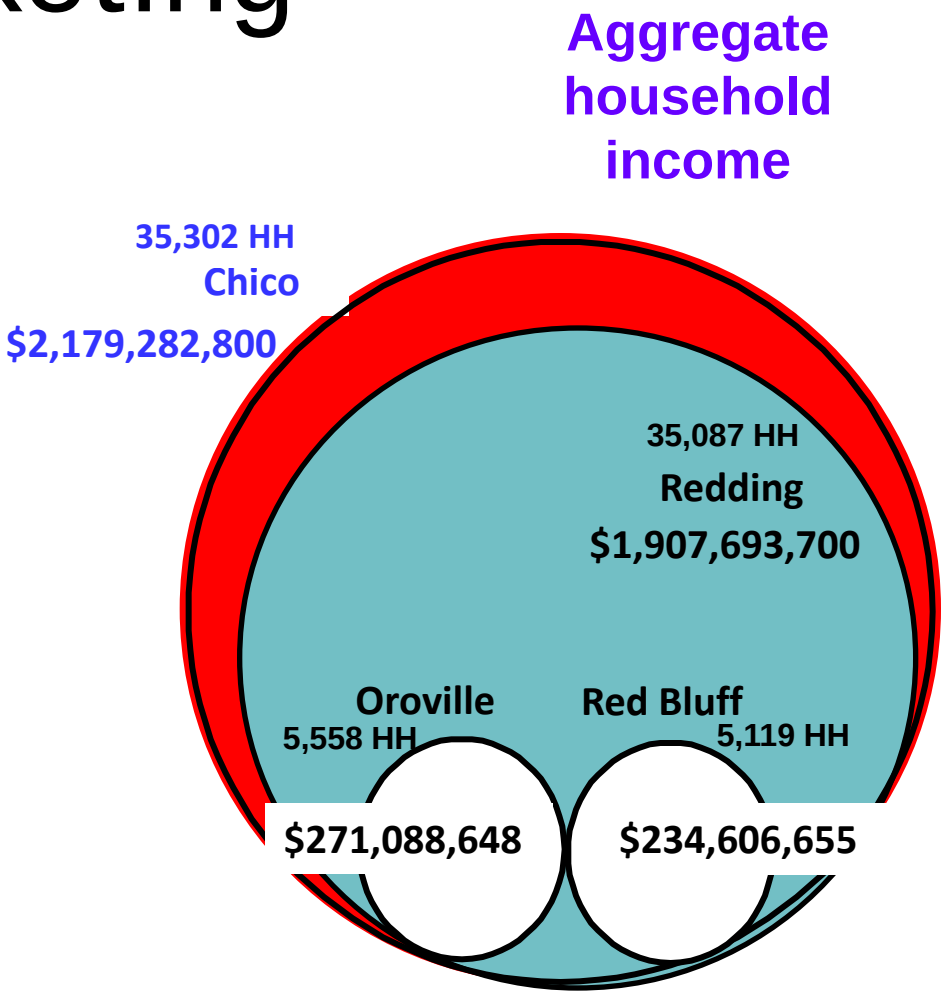
Average Median HH Income



http://www.city-data.com/income/income

Marketing



http://www.city-data.com/income/income

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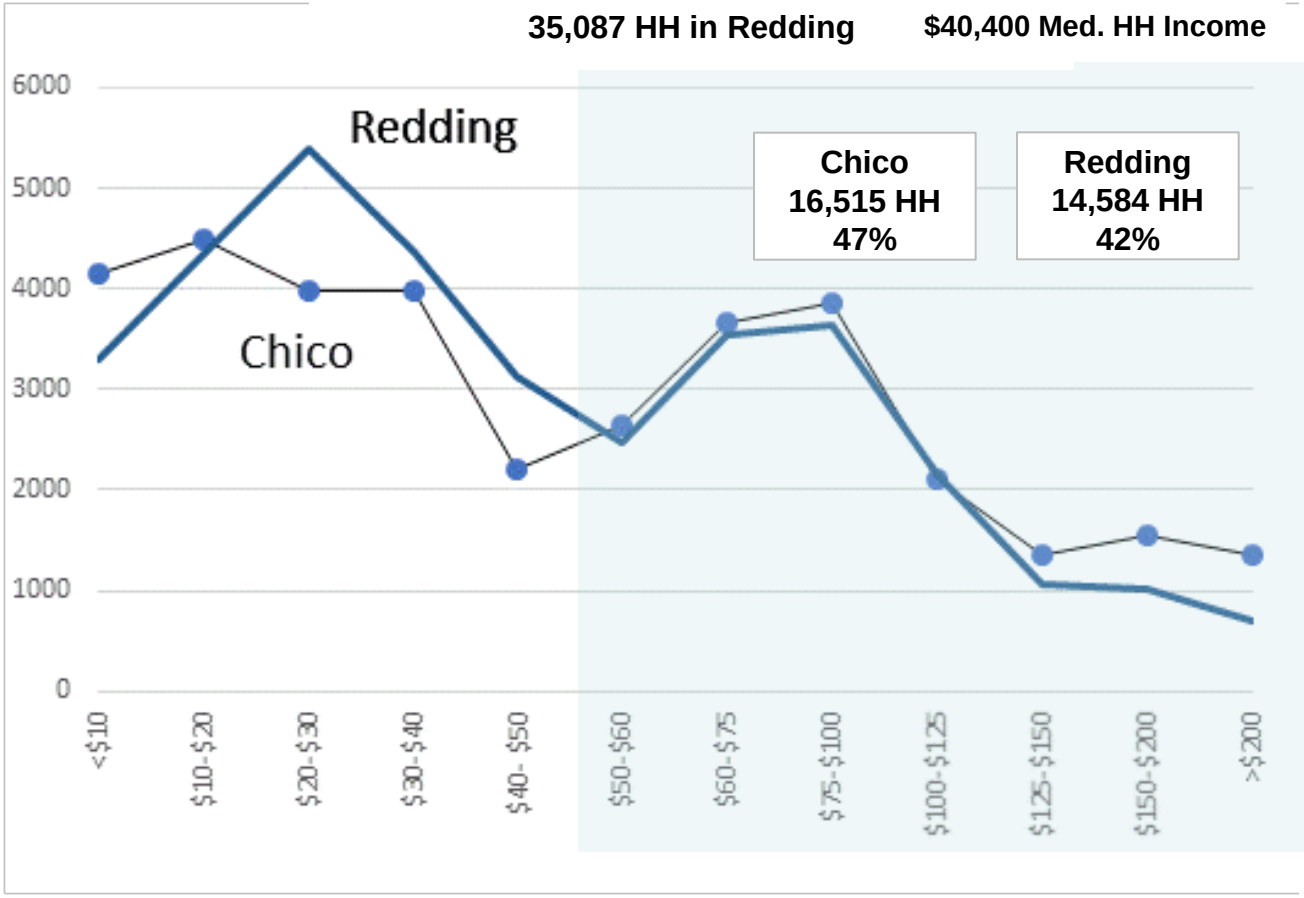
Households by Income Levels

35,302 HH in Chico **$43,000 Med. HH Income**
35,087 HH in Redding **$40,400 Med. HH Income**



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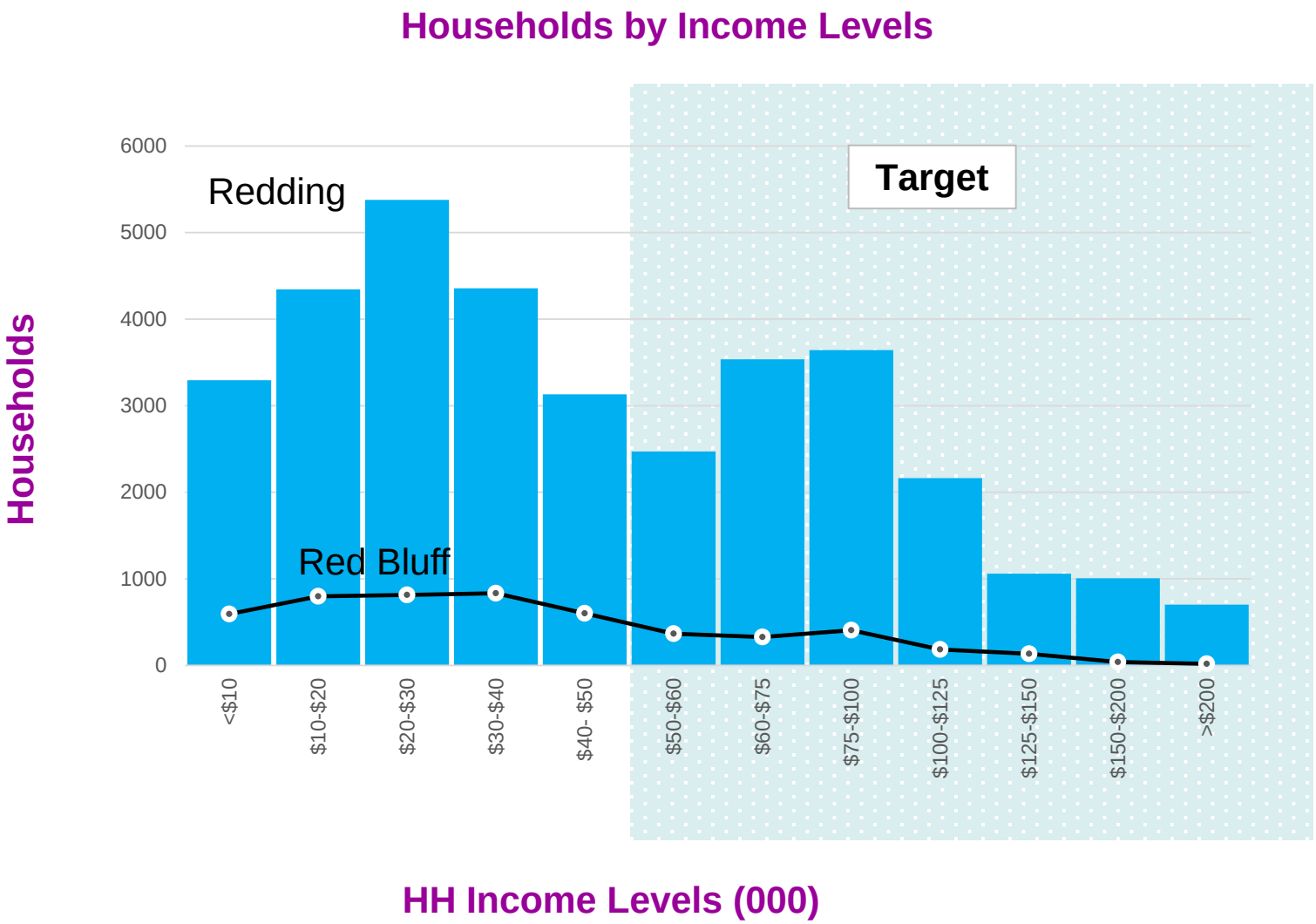

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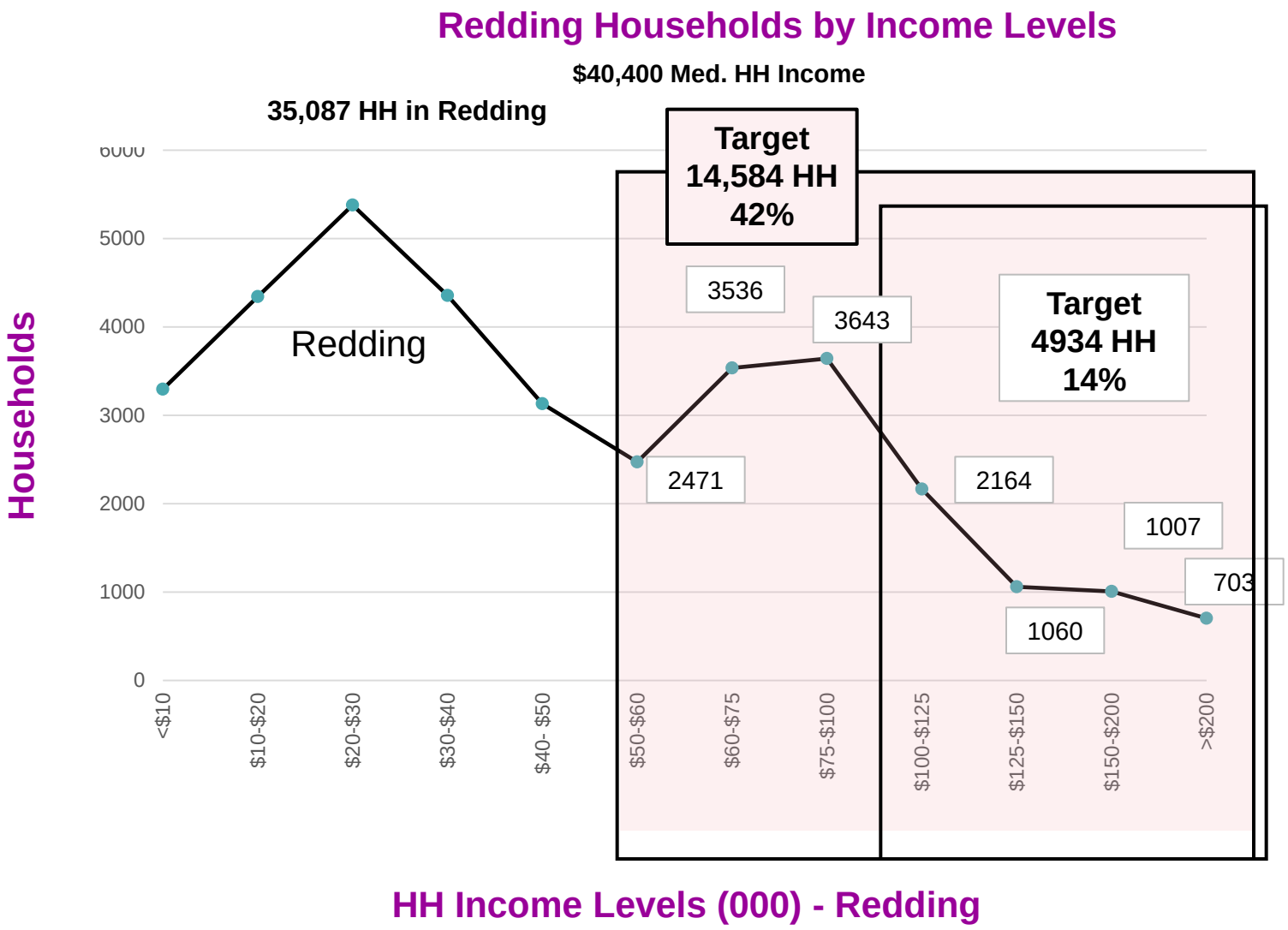

http://www.city-data.com/income/income-Redding-California.html

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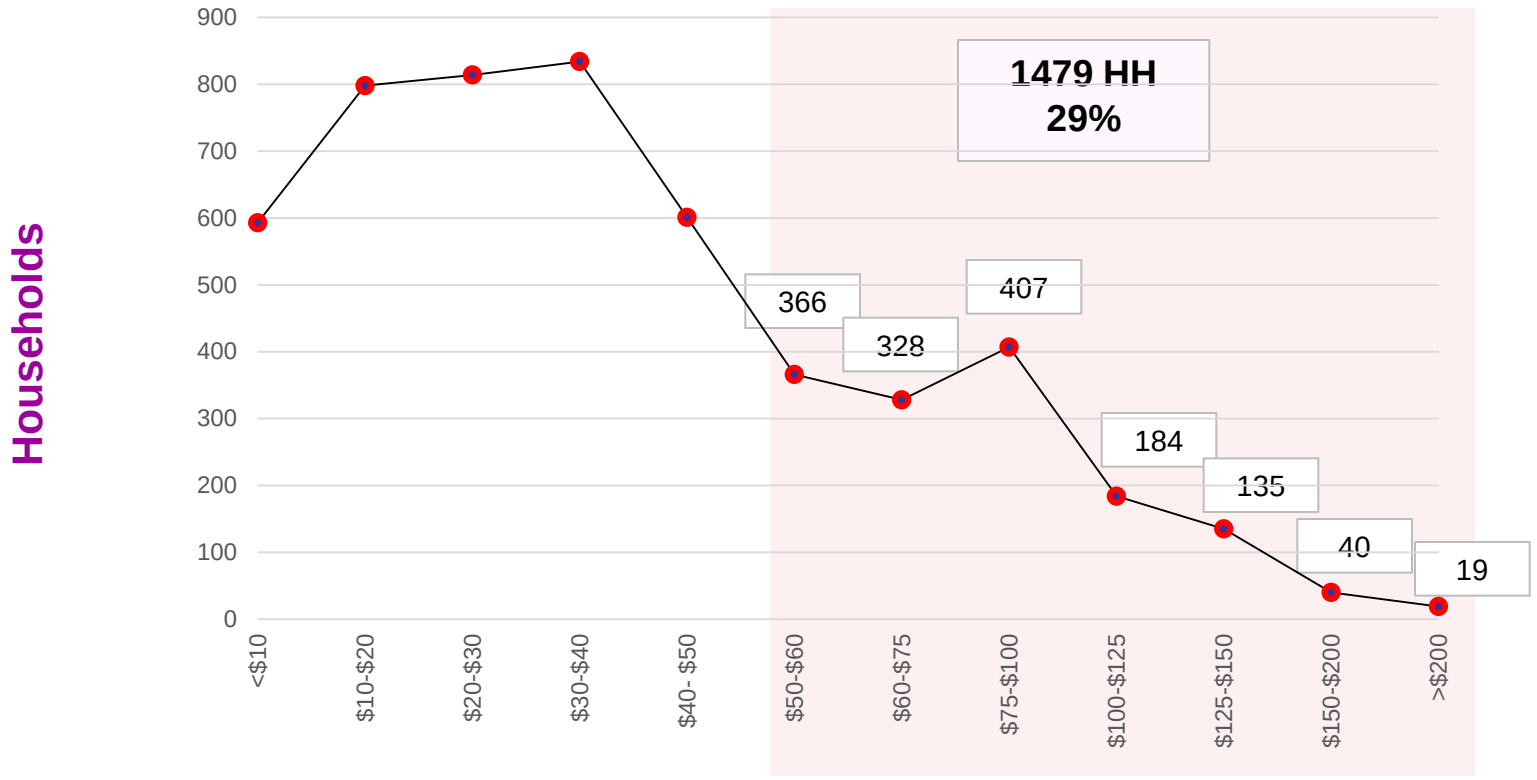
Red Bluff Households (5119) by Income Levels



HH Income Levels (000) – Red Bluff

http://www.city-data.com/income/income-Red-Bluff-California.html

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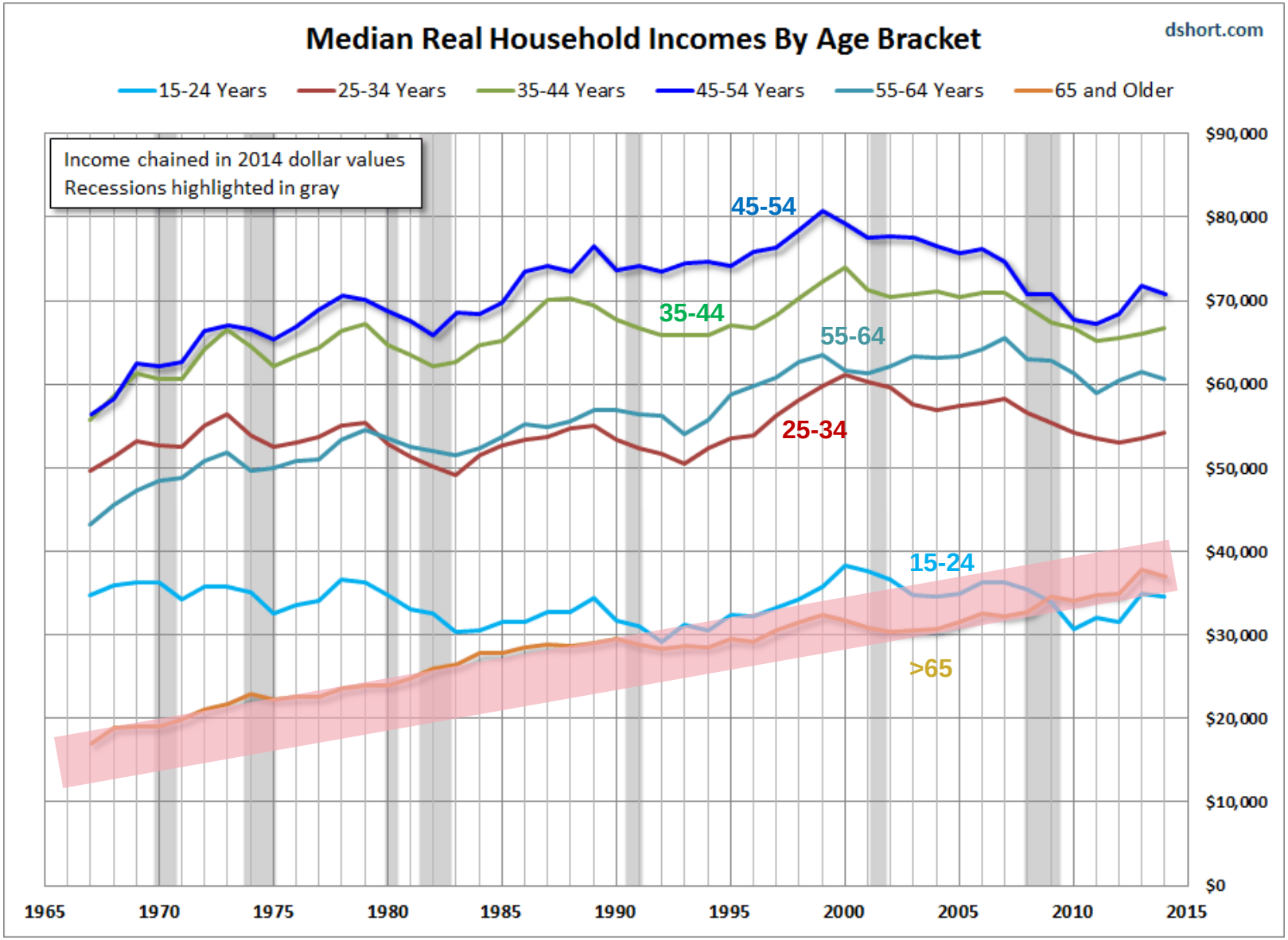
Median Real Household Incomes By Age Bracket
dshort.com
15-24 Years
25-34 Years
35-44 Years
45-54 Years
55-64 Years
65 and Older
Income chained in 2014 dollar values
Recessions highlighted in gray
45-54
35-44
55-64
25-34
15-24
>65
$90,000
$80,000
$70,000
$60,000
$50,000
$40,000
$30,000
$20,000
$10,000
$0
1965
1970
1975
1980
1985
1990
1995
2000
2005
2010
2015

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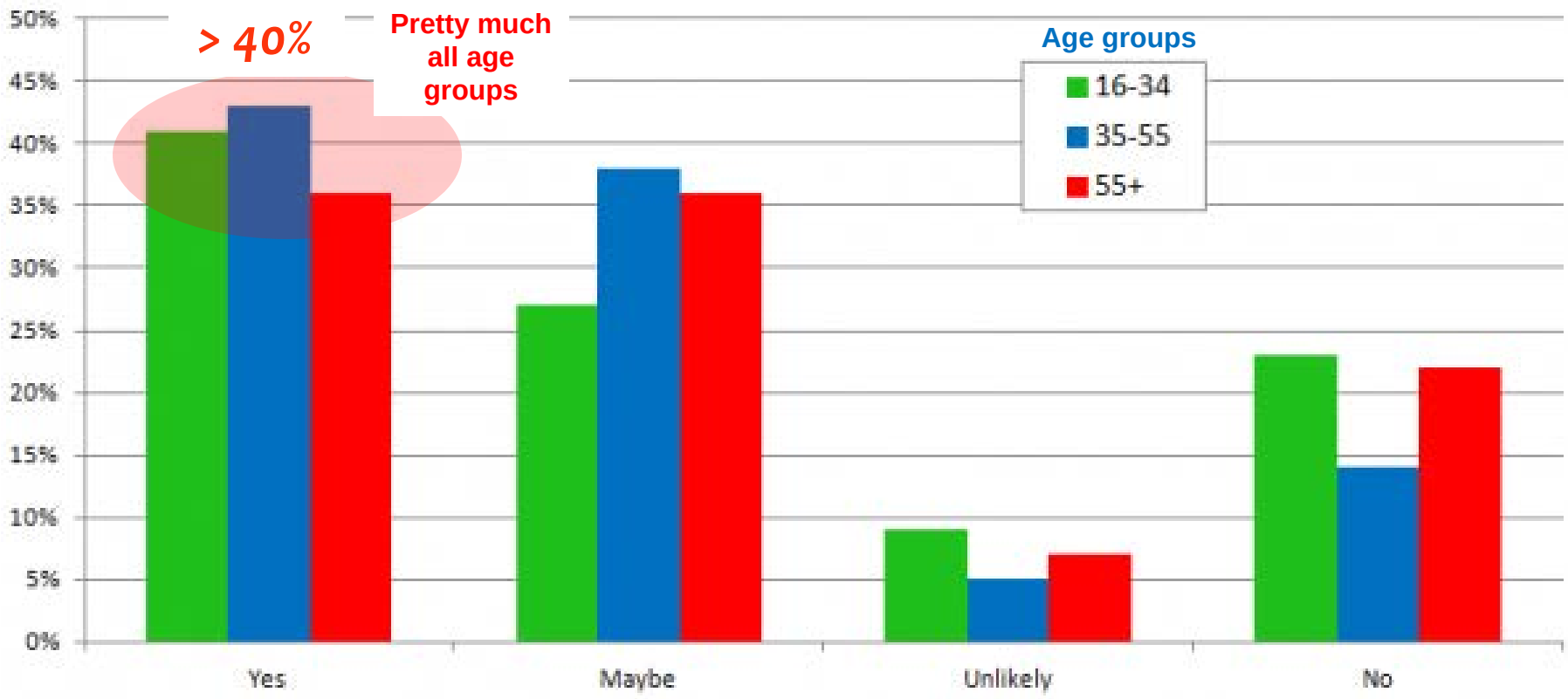
More likely to recommend, if benefited directly from the business



http://searchengineland.com/harnessing-the-power-of-online-customer-reviews-for-local-business-growth-92947

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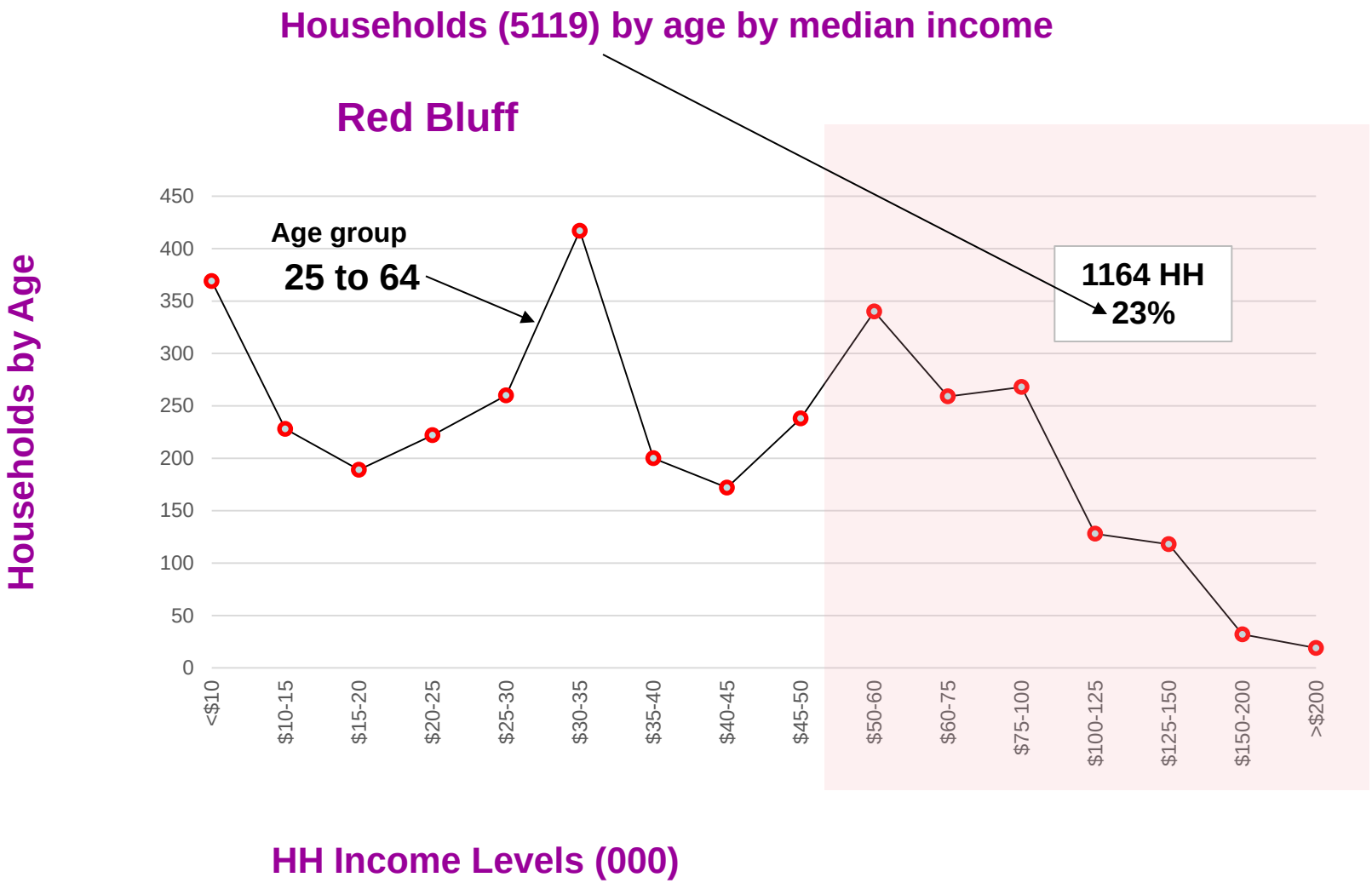

http://www.city-data.com/income/income-Red-Bluff-California.html

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https://www.brightlocal.com/2014/05/01/local-business-travel-times/

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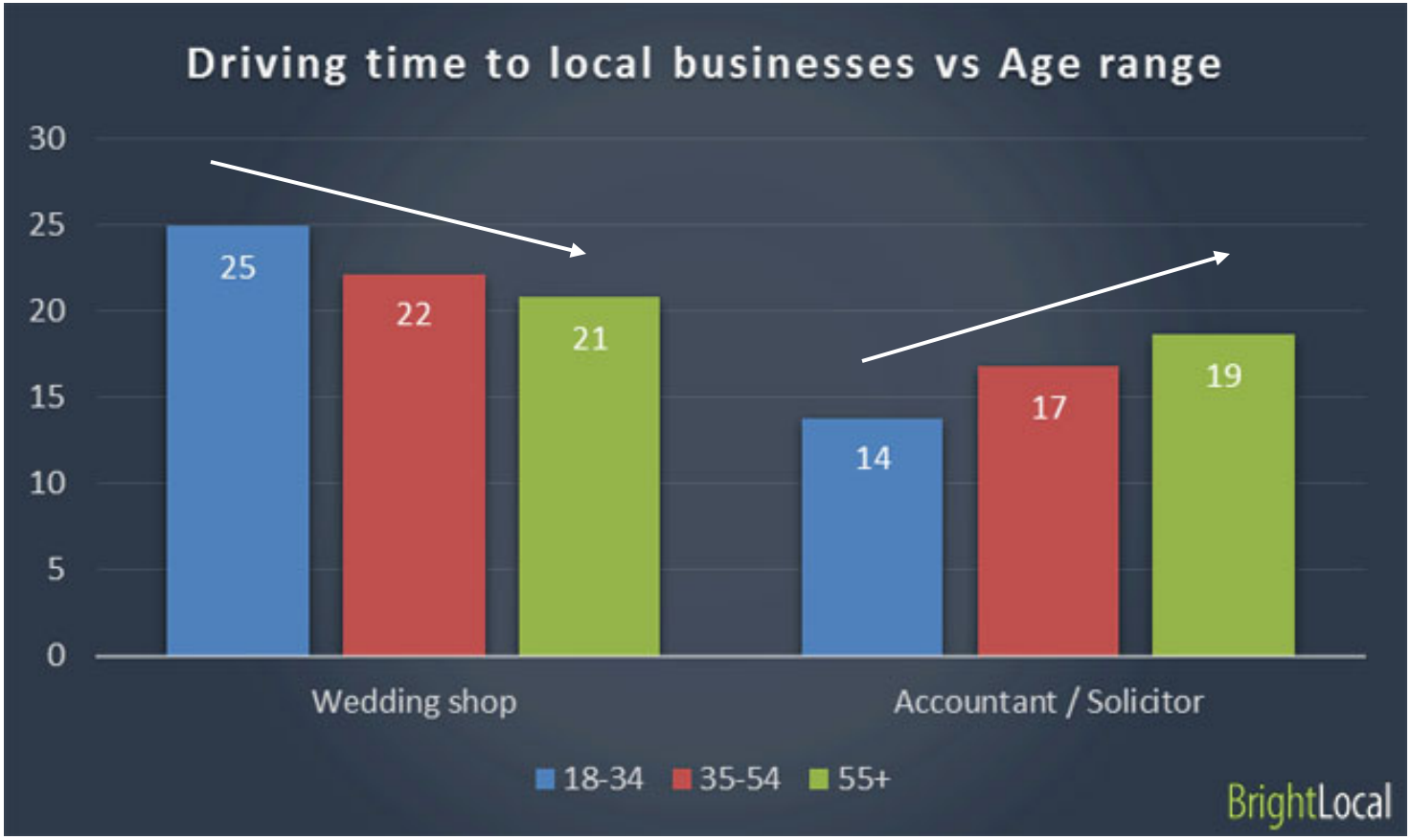
Is age a factor in drive-time?



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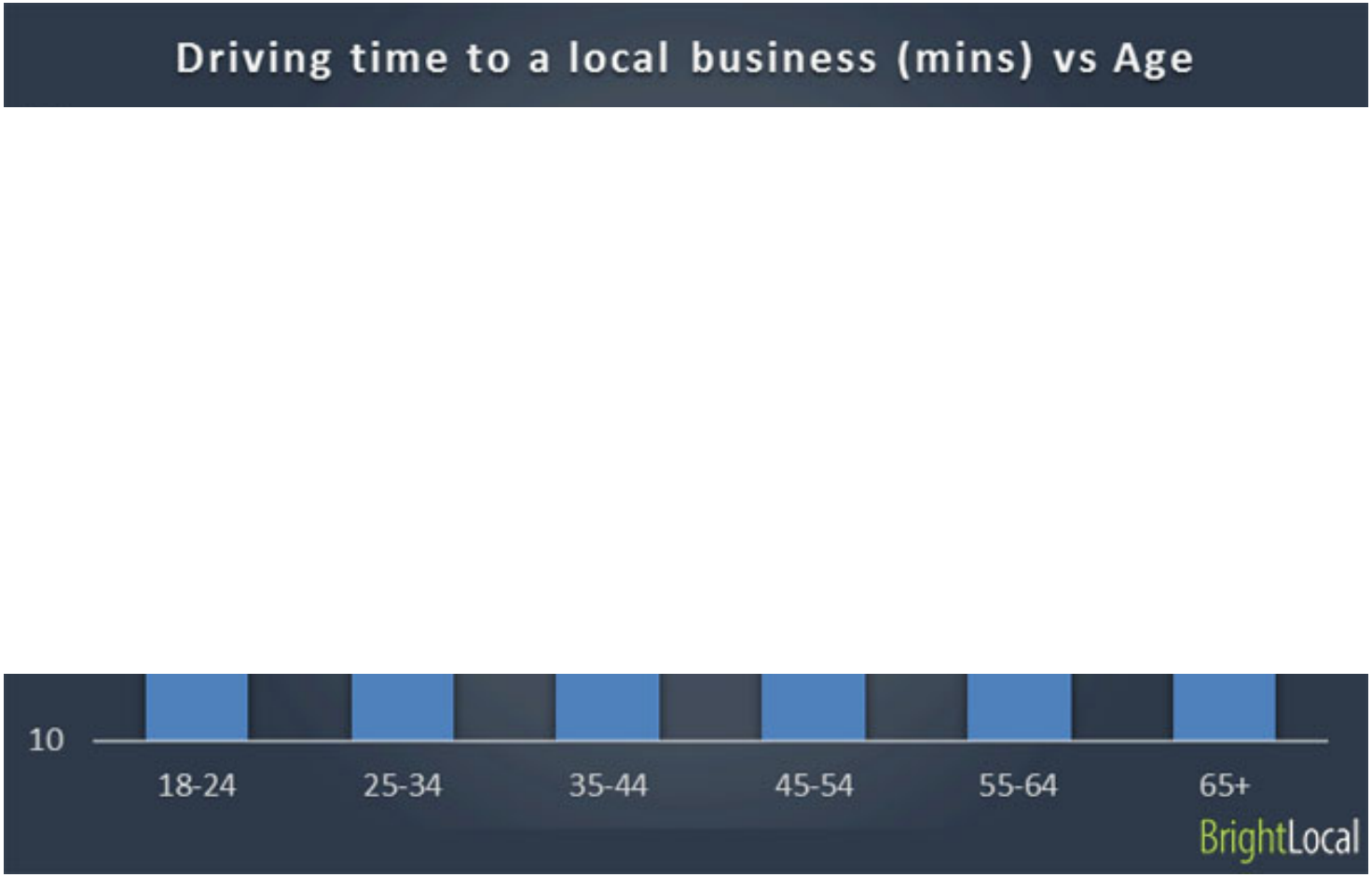

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Is age a factor in drive-time?

Marketing

----other factors to consider

Magazine
Outside
Sunset
Bon Appétit
Consumer Report
Arch Digest

http://www.experian.com/assets/simmons-research/white-papers/2011-discretionary-spend-report.pdf

Marketing Average Consumer Budget —not median

2013

Expenditure Category	Annual Average
Housing	$10,080
Transportation	$9,004
Taxes	$7,432
Utilities and Other Household Operational Costs	$7,068
Food	$6,602
Social Security Contributions, Personal Insurance and Pensions	$5,528
Debt Payments or Savings	$5,252
Healthcare	$3,631
Entertainment	$2,564
Cash Contributions	$1,834
Apparel and Services	$1,604
Education	$1,138
Vices	$775
Miscellaneous	$664
Personal Care	$608
TOTAL Average annual consumer unit	**$63,784**

1.3 earners in unit

http://www.creditloan.com/blog/how-the-average-us-consumer-spends-their-paycheck/

Marketing

What's in your marketing tackle box ?

Marketing--online

Marketing--online

Marketing--online

Marketing--online

Marketing--online

Marketing--online

Marketing--online

Does your staff provide excellent customer service---ask the right questions to qualify the lead?

Do you record their contact information, product or service of interest-------phase they're at in the buying cycle?

Do you reply personally to voicemails and emails----timely helpful information----continue to follow up as they make a their decision?

Marketing--online

Marketing

Don’t build your website until you identify your ‘target market’

Marketing

Top 10 for business

Facebook

Twitter

LinkedIn

Google+

You Tube

Pinterest

Instagram

Tumbler

Yelp

Vine

Know best use of social media for your business

https://www.inboundboulder.com/blog/top-10-social-media-websites-for-small-businesses

latest statistics from the Pew Research Center.

Market—start here:

Useful Industry Data

Avg purch. amt. per customer per year

Avg purch.-frequency visit—product re-purchase frequency

…need a ‘method’ for developing how many customers you need to hit your objectives.….profit…salary

www.statista.com

Market—start here:

Avg purch. amt. per customer per year and frequency:

$15 per visit X 6 visits per year = $90 per cust. per year

need $ 236,000 per year / $90 = 2622 cust. per year

$15 per visit X 12 visits per year = $180 per cust. per year

need $ 236,000 per year / $180 = 1311 cust. per year

$15 per visit X 52 visits per year = $780 per cust. per year

need $ 236,000 per year / $780 = 303 cust. per year

Start now!!!!

Find:

Avg. $ customer transaction

Frequency of customer purchase

Thats all Folks

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