## Chapter IX
## MISCELLANEOUS

# COMPLIANCE POLICY AND PROCEDURES MANUAL

Sales and Use Tax Department
***California State Board of Equalization***
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# MISCELLANEOUS 900.000

## GENERAL 910.000

### DISTRICT ACCOUNT FOLDER DESTRUCTION 910.010

Districts are authorized to destroy their account folders one year past the process date of close-out of the account if the account is clear. The review of closed-out accounts for balance, security, delinquency, petitions, pending legal action and claims for refund will be done by Headquarters and is not to be duplicated by the field. Districts will review for all other items, such as pending audits, pending determinations, etc., and maintain a control of all closed-out account folders retained after Headquarters notification that the account is clear on their records.

### HEADQUARTERS RESPONSIBILITY 910.020

On a monthly basis the Technology Services Division will produce a listing which represents all those accounts which meet the following criteria:

1. Process date of close-out at least 7 months old
2. No balance
3. No delinquency
4. No petition status or refund claims
5. No security

Upon receiving the list Headquarters Taxpayer Records Section will review the files for pending legal actions and denial of claims for refund. If an account is clear the file is forwarded to the State Records Center for storage and scheduled destruction after 2 1/2 years. The file destruction date will appear on the registration record. If the account is not clear, a new process date of close-out is established by preparation of Form BT–1229–A by the Taxpayer Records Section. These accounts will come up on a new list from the Technology Services Division 7 months after the new process date of close-out.

On a monthly basis, the Technology Services Division will also prepare a deck of 3 X 5 cards in district office, terminal digit order representing all those accounts which have a process date of close-out at least 12 months old and are clear per the headquarters review.

Taxpayer Records Section will forward to each district office that district's portion of the deck of 3 X 5 cards for use in purging closed-out account records.

## DISTRICT PROCEDURE 910.030

The deck of 3 X 5 cards will be used by district office compliance personnel as a guide to pull the account files to be reviewed for destruction. The review will determine if recommended audits have been made and billed, and if any other activity remains on the account. The last audit report and audit working papers are to be placed in the successor file. Any prior audit reports and audit working papers should be destroyed without review by audit.

If the district determines the account file is to be destroyed, the requirements set forth in the State Administrative Manual (SAM) must be followed. Those districts whose branch offices also maintain account files should use the 3 X 5 cards as a means of notifying their branches of account folders to be destroyed.

When an account file is to be retained, it will be the districts responsibility to establish a control record which will bring the account file to its attention for subsequent review. The 3 X 5 cards, properly noted, may be used for a follow-up file of account records to be retained.

## DISTRICT ACCOUNT FOLDERS DESTROYED IN ERROR 910.040

The district will not duplicate the review made by the headquarters units.

If the district account file is destroyed and it is later found to be needed in whole or part, Taxpayer Records Section, upon request, can reconstruct the file up to 2 years from the date the district received the 3 X 5 card.

## ~~ANNUAL FLAT RATE FUEL TAX~~ ~~920.000~~

Entire section deleted.

## SALES TAX EXEMPTION FOR FOREIGN DIPLOMATS 930.000

### GENERAL 930.010

Effective February 15, 1986, the U.S. Department of State began issuing Tax Exemption Cards to foreign diplomatic personnel who are exempt from sales tax. The sales tax exemption is granted on the basis of reciprocity with foreign governments and the Department of State grants tax immunity to diplomatic personnel of each foreign country only to the extent that the foreign country, in fact, grants immunity to U.S. diplomatic personnel. Many diplomatic personnel who enjoyed an exemption from sales taxes under the former program (in which cards were issued by the Board) have been denied immunity entirely. Many others are granted an exemption only for single transactions which exceed an amount stated on the card.

The purchase of a vehicle by a foreign consular officer who does not hold a Tax Exemption Card will be exempt from the sales and use taxes if an identification letter is furnished directly to the retailer by the Office of Foreign Missions, U.S. Department of State. Such letter must confirm the name, immune status, identification number, and date of assumption of duties of the diplomat seeking the exemption and must be furnished to the retailer at the time of the sale.

Retailers with questions which are outside the scope of Board responsibilities should be advised to write: Office of Foreign Missions, U.S. Department of State, Room 2442, Washington, D.C. 20520.

Reference: Regulation 1619

### TAX EXEMPTION CARDS 930.020

Tax exemption cards issued by the U.S. State Department are laminated and prepared on press numbered stock. they are fraud resistant, tamper proof and nontransferable. Each card includes the name of the person to whom it is issued, personal identification information, a photograph, an expiration date, and a tax exemption number. The cards will specify either that the holder of the card is exempt from sales tax on all sales or that the holder of the card is exempt from sales tax only on transactions which exceed an amount stated on the card.

Some cards provide that the exemption applies only when the total of all items purchased in a single transaction (that is, on a single bill) exceeds a threshold amount of $50, $100, $150, $200, or some other amount. For example, if the tax exemption card is granted for a minimum level of exemption of $50, as indicated on the card, the purchaser must purchase merchandise aggregating over $50 in a single transaction to qualify for taxable and non-taxable merchandise, i.e., a sale of cigarettes for $6 is exempt if sold together with $45 non-taxable food products. Separate purchases in the same store will not qualify if the amount of each transaction does not exceed the amount indicated on the card, even though the combination of all individual purchases in that store may exceed that amount.

Mission Tax Exemption cards are subject to the same restrictions as individual cards. Moreover, mission cards may be used only for official purchases; they may not be used for individual, personal purchases.

The U.S. State Department will provide the Board with quarterly printouts of current card holders and will respond to telephone inquiries regarding the validity of cards issued in the interim on a routine basis. The printouts will be maintained in the Headquarters Compliance Planning and Evaluation Section. Any questions regarding the validity of a card should be directed to that unit.

## SUPPORTING DOCUMENTATION 930.030

To support the exemption, the retailer must prepare and retain an invoice or other written evidence of the sale and should enter the name of the purchaser, the number of the exemption card, the name of the foreign mission, the expiration date of the card, and the minimum level of exemption specified on the card, if any.

To support each transaction claimed as an exempt sale of a vehicle to a foreign diplomat not holding a Tax Exemption Card, the identification letter from the Office of Foreign Missions, U.S. Department of State, confirming the immune status of the diplomat must be retained by the retailer.

Retailers who have any questions regarding the identification of the bearer may ask to see additional forms of identification, such as Diplomatic ID, Driver's License, etc.

# STATE AND LOCAL BUSINESS LICENSE REQUIREMENTS 940.000

## GENERAL 940.010

The State of California, Department of Commerce, Office of Small Business publishes a California License Handbook which lists all state agencies and the various licenses required by each. This handbook is available to the public at cost by writing to the above department. The following suggestions show the more common types of licenses and permits which may be required by the applicant in addition to the Board permit(s).

## STATE BUSINESS LICENSES 940.020

1. Department of Alcoholic Beverage Control
   - Licenses the manufacture, sale, purchase, possession and transportation of alcoholic beverages within the State.
2. State Banking Department
   - Licenses all State chartered banks.
3. Board of Chiropractic Examiners
   - Licenses chiropractors.
4. Department of Conservation
   - Issues permits to oil, gas, or geothermal exploration and production firms.
5. Department of Consumer Affairs
   a. Board of Architectural Examiners
      - Registers architects & building designers.
   b. Athletic Commission
      - Licenses all clubs conducting boxing and wrestling shows.
   c. Board of Behavioral Science Examiners
      - Licenses clinical social workers, marriage counselors, and educational psychologists.
   d. Cemetery Board
      - Licenses cemeteries, cemetery brokers, and cemetery salesmen.
   e. Contractors' State License Board
      - Licenses dentists.
   f. Board of Cosmetology
      - Licenses cosmetologists.
   g. Board of Dental Examiners
      - Licenses dentists.
   h. Board of Fabric Care
      - Licenses persons & firms engaged in the dry cleaning industry.
   i. Board of Funeral Directors and Embalmers
      - Licenses funeral directors and embalmers.
   j. Board of Guide Dogs for the Blind
      - Licenses schools and persons engaged in the training and supplying of guide dogs for the blind.
   k. Board of Landscape Architects
      - Licenses landscape architects.

l. Board of Medical Quality Assurance
   - Licenses physicians and surgeons.
   - Licenses dispensing opticians.
   - Licenses hearing aid dispensers.

m. Board of Optometry
   - Licenses optometrists.
   - Accredits schools of optometry.

n. Bureau of Personnel Services
   - Licenses private employment agencies.
   - Licenses modeling agencies.
   - Licenses domestic agencies.
   - Licenses babysitting agencies.

o. Board of Pharmacy
   - Licenses pharmacists.

p. Board of Registration for Professional Engineers
   - Registers professional engineers.
   - Licenses land surveyors.

q. Board of Registered Nurses
   - Accredit schools of nursing

r. Structural Pest Control Board
   - Licenses persons engaged in the practice of structural pest control.

s. Board of Examiners in Veterinary Medicine
   - Licenses veterinarians.
   - Registers all veterinary premises.

6. State Fire Marshal
   - Licenses businesses servicing portable fire extinguishers.
   - Licenses transport firms carrying flammable or combustible liquids in cargo tanks in excess of 120 gallons.

7. Department of Fish and Game
   - Licenses fishing and party boats.
   - Licenses commercial fishermen.
   - Licenses hunting and fishing guides.
   - Licenses hunting clubs.

8. Department of Food and Agriculture
   - Licenses feed manufacturers.
   - Licenses fertilizer manufacturers.
   - Licenses retail sellers of some livestock drugs.
   - Licenses horse meat and dog food dealers.
   - Licenses poultry slaughtering and processing plants.
   - Licenses milk product and processing plants.
   - Licenses persons engaged in pest control for hire.
   - Licenses pesticide dealers.
   - Licenses individuals involved with selling nursery stock.
9. Department of Forestry
   - Licenses timber or logging firms (including Christmas trees for commercial purposes).
10. Department of General Services (Small Business Office)
    - Licenses businesses wanting to sell to State or bid on State construction contracts under small business preference.
11. Department of Health Services
    - Licenses bottlers and distributors of bottled water and vending machines. (Food and Drug Branch)
    - Licenses hospitals and narcotic treatment.
12. California Horse Racing Board
    - Licenses race track operators.
13. Department of Housing and Community Development
    - Licenses dealers and distributors of mobilehomes.
14. Department of Motor Vehicles
    - Licenses dealers selling automobiles, trucks, recreational vehicles, motorcycles, trailers, and snowmobiles (new or used).
    - Licenses auto wreckers and auto body shops which dismantle vehicles.
    - Licenses motor vehicle distributors.
    - Licenses firms transporting vehicles using state highways.
    - Licenses driving schools and instructors.
15. Board of Osteopathic Examiners
    - Licenses osteopathists.
16. Secretary of State
    a. Filing articles of incorporation.
    b. Trade name registration.
    c. Trademark application.

## LOCAL BUSINESS LICENSES 940.030

1. Sole Proprietors
   a. City and/or county business license (business license section of city or county clerk).
   b. Local law enforcement agencies (issue permits for dance, entertainment, etc.).
   c. City or county health department (issues permits/clearances for businesses dealing in food products and also some health facilities).
2. Partnerships
   a. Internal Revenue Service (issues required identification number).
   b. Same requirements as sole proprietors.
3. Corporations
   a. Same requirements as partnerships.