

For Immediate Release
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Contact: NR 89-12-Y
Jaime Garza
916-327-8988

Internet Shopping Was *Never* Tax-Free
Consumers Owe Use Tax on Purchases Made Online or by Mail

Sacramento – Items purchased before this weekend from online or mail order retailers are not tax-free, the Board of Equalization (BOE) announced today. California has required payment of use tax since 1935, and since then consumers have owed use tax on untaxed purchases made from out-of-state retailers.

Though the use tax is 77 years old, many Californians are unaware of it. Use tax is the equivalent of sales tax and applies to purchases from retailers who are not required to report and pay sales tax in California. Californians who purchase items from out-of-state retailers that do not collect California tax are required to pay the use tax directly to the state.



A [new state law which takes effect Saturday, September 15, 2012](#), simply requires additional out-of-state retailers to collect the tax when they make the sale, rather than requiring taxpayers to report the tax on their own.

SUBTOTAL (3 ITEM):	\$69.95
SHIPPING	FREE
If you didn't pay California sales tax here then you likely owe use tax	
GRAND TOTAL	\$69.95

If consumers do not see a line item for the sales tax charged on their bills when making these purchases, they are responsible for paying the use tax on their own, based on the [tax rate](#) for the area in which they live. The BOE makes it simple for Californians to [pay their use tax, through eReg](#), or as a line item when they pay their state income taxes.

In December 2010, the BOE estimated that \$1.145 billion dollars in use tax was going uncollected. The new law will not fill this entire gap, but is expected to generate millions of dollars in revenues for the state each year. Like the state sales tax, use taxes are used to fund state and local services.

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Board Member Betty T. Yee was elected to her post in November 2006. Her district includes many of California's coastal counties, from Del Norte to Santa Barbara, and includes the entire San Francisco Bay Area. Ms. Yee previously served as Chief Deputy Director for Budget at the California Department of Finance, covering a wide array of state and local finance policy matters.

The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects more than \$53.7 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

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