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Online Shopping Could Spur Funding for California's Vital Public Services

Sacramento – As California consumers load up online shopping carts this holiday season, they might not realize these purchases are taxed to support vital public services. Online shoppers who are not charged sales tax may owe use tax, which has been imposed on purchase from out-of-state retailers since 1935. Like sales tax, use tax helps fund public safety, education, health care, and more.

Use tax is charged on purchases made from out-of-state retailers on items that are used, stored, or consumed in California. If a buyer makes a taxable purchase (e.g., purchases of books, electronic equipment, and toys) from any out-of-state retailer and is not charged tax, the buyer is responsible for paying use tax. The easiest way to know if you may owe use tax is to review your receipt to see if you were charged sales tax.



“The growing popularity of online shopping for the holidays will also be a boon to our state’s economy as retailers nationwide are expected to hire more than 800,000 seasonal workers, and UPS carriers will also double hiring over last year as reported by Fortune Magazine,” said Board of Equalization Chairman Jerome E. Horton. “With more people working, Californians are expected to spend more on holiday purchases, resulting in more sales and use tax revenue to fund vital public services.”

The BOE helps consumers comply with the use tax law on all their online purchases. It is easy to report and pay use tax on the [BOE website](http://www.boe.ca.gov), or through the BOE’s Mobile App available for [Apple](#) and [Android](#) devices. Use tax can also be paid on California state income tax forms for which a convenient [Use Tax Lookup Table](#) can be used to estimate the amount owed if receipts for the purchases are not available. For other tips on how to comply and avoid penalties, visit: www.boe.ca.gov/sutax/usetax.htm#Personal.

Last year, businesses and California residents paid more than \$4.6 billion in use tax. However, BOE estimates that more than \$1 billion goes unpaid each year, enough to pay the salaries of more than 11,000 teachers or 7,000 police officers.

Consumers can find out if they owe use tax by looking at receipts from online purchases to see if sales tax was charged. If not, they may owe use tax.

Editor’s Note:

- Watch the BOE’s use tax video on gift-buying: <http://bit.ly/BOEGIFT>
- See the BOE’s media resource page on use tax for facts, videos, and graphics: <http://bit.ly/USSETAX>
- Learn more about use tax: www.boe.ca.gov/sutax/usetax.htm#page=Overview

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Chairman Jerome E. Horton is the Fourth District Member of the California State Board of Equalization, representing more than 8.5 million residents in Los Angeles County. He is also the Board of Equalization’s Legislative Committee Chairman. He is the

first to serve on the Board of Equalization with over 21 years of experience at the BOE. Horton previously served as an Assembly Member of the California State Assembly from 2000-2006.

The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects \$56 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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