



State Board of Equalization

News Release

Chairman Jerome E. Horton

4th District – Los Angeles

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Executive Director
www.boe.ca.gov

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Taxing Counterfeiters and Streamlining Audits Among Legislative Proposals for 2014

Sacramento – The California State Board of Equalization (BOE) will consider whether to sponsor legislation to impose taxes on those convicted of dealing in counterfeit goods, and allow self-audits for some payers of fuel, cigarette, tobacco product, and alcohol taxes during its meeting on January 16, 2014, at 450 N Street in Sacramento.

One proposed bill would require manufacturers, wholesalers, distributors, and retailers convicted of counterfeiting to pay the sales tax on these goods, even if they claimed they were for resale. Sales of products that are resold are generally not subject to tax. If this becomes law, it will further deter trafficking in counterfeit products which pose potential dangers to consumers, and undercut businesses that sell goods legitimately and pay the right amount of tax.

“I have proposed this legislation to demonstrate that the Board of Equalization is serious about cracking down on illegal sales of counterfeit products that endanger Californians who might purchase unsafe articles, and deprive our decent, taxpaying citizens of the revenues that these sales would have provided for vital services if made by a legitimate business,” said Chairman Jerome E. Horton.

Another proposal would allow self-audits, with BOE guidance, for some of the businesses that pay fuel, cigarette, alcohol, and other special taxes and fees to the BOE. This program is currently allowed for sales and use tax payers that meet certain criteria. These self-audits assist businesses by educating them about accurate reporting, reducing disruptions to their business operations, and cutting the interest they owe in half on liabilities found in the audit. This type of audit also assists the BOE by redirecting staff to more complex audits, reducing the number of protested audits, and promoting ongoing positive relationships between taxpayers and the BOE.

If the majority of Board Members vote to sponsor these legislative proposals, Members and BOE staff will attempt to find members of the legislature to author bills to make these proposals into law.

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Elected in 2010, 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 is a publicly elected tax board. The Board of Equalization 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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