

For Immediate Release
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BOE to Consider Implementation of Tax Exemption for Manufacturing and Research and Development

Sacramento –During its meeting on April 22, 2014, the California State Board of Equalization (BOE) will consider rules to help businesses understand whether their purchases of manufacturing and research and development equipment qualify for a sales and use tax exemption totaling 4.1875 percent.

This partial sales and use tax exemption, which takes effect July 1, 2014, represents the largest component of the Governor’s Economic Development Initiative. The Board will vote on whether to authorize publication of proposed Regulation 1525.4.

The BOE has met with and received input from stakeholders throughout California. This collaborative process has resulted in BOE staff’s proposed regulation, as well as alternate language provided by various stakeholders for specific sections of the regulation. The Board will decide whether to publish the staff’s recommendation as presented or to include some or all of the alternative language. Businesses will also have the opportunity to submit comments on the published proposal, and to weigh in during a public hearing to be held later in the year.

In addition, the Board will consider adopting amendments for two existing regulations. One clarifies that Lemon Law protections which apply to purchases of defective vehicles also apply to leases. The other amendment specifies that certain businesses may be entitled to relief of tax liabilities if they relied on advice given to a related business in the course of a BOE audit of the related business.

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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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