



TAX Information

B · U · L · L · E · T · I · N



Publication 388

www.boe.ca.gov

December 2008

WHAT'S INSIDE

- City of Trinidad district tax change.. 1
- Have important BOE updates emailed directly to you! 1
- Governor signs budget-no sales tax rate increase 1
- Are your cigarette and tobacco invoices adequate? 2
- Efile: Have you heard the news?..... 2
- Purchased or delivered out of state—not intended for use in California..... 2
- Digital converter box coupons issued by federal government 3
- Interest rate reduction for first half of 2009 3
- New ewaste recycling fees effective January 1, 2009 3
- Tax rate change for IFTA and Interstate User Diesel Fuel Licenses, 2009 3
- New OIC guidelines to take effect January 1, 2009 4
- Annual Taxpayers' Bill of Rights to begin 4
- More articles available online!..... 4
- Small business fairs..... 4
- Ethics at work- "thank you" is enough..... 4
- For More Information 4

BOARD MEMBERS

- BETTY T. YEE
First District
San Francisco
- BILL LEONARD
Second District
Ontario/Sacramento
- MICHELLE STEEL
Third District
Rolling Hills Estates
- JUDY CHU, Ph.D.
Fourth District
Los Angeles
- JOHN CHIANG
State Controller
- EXECUTIVE DIRECTOR**
RAMON J. HIRSIG

City of Trinidad district tax change

The City of Trinidad (in Humboldt County) Transactions and Use Tax (TDGF/092) will end December 31, 2008; the tax rate in Trinidad will change to 7.25% from 8.25%.

Is your address in the city limits or unincorporated county?

You can verify whether your business is located within a city that has a district tax before collecting the increased tax rate. District boundaries are generally defined by city and county lines. Many California zip codes overlap city and county lines. To determine which district taxes affect your sales, visit our website: www.boe.ca.gov/sutax/cityaddresses.htm for a listing of city links. If you do not find the city you are looking for on our website, you may contact the city directly to determine whether or not your business or your customer is within in the city boundaries.

For more information

For information on district taxes, please see publication 44, *Tax Tips for District Taxes*. For current tax rates throughout California see publication 71, *California City and County Sales and Use Tax Rates*. You can download publications from our website at www.boe.ca.gov or call our Taxpayer Information Section at 800-400-7115.

Have important BOE updates emailed directly to you!

As BOE works to "go green" by cutting back on the number of items we print—including this Tax Information Bulletin (TIB)—it's no less vital for us to get impor-

tant information to you in a timely fashion. To ensure that you can be "up to the minute" on important updates of sales and use tax rate changes, the latest issue of the TIB, and other special notifications from BOE, we've created a free email group that you can subscribe to.

Here is how it works: visit www.boe.ca.gov, click on "Sign Up for BOE Updates," select "Subscribe" under "Registration," and simply fill in the information form with your name and email address. Then click the "Submit Form" button. After you complete registration, you will immediately be sent a confirmation email. Click on the link. That's all there is to it!

About once a month, we will send an email that includes a brief description and a direct link for you to access the new information directly from the email. Occasionally, there may be additional urgent information sent to subscribers; however, you can be assured that we will not send spam to you, or send information too frequently or that is of little importance. We also will not distribute your email address. Should you find that your business or needs have changed, you are able to unsubscribe at any time.

We look forward to having you subscribe!

Governor signs budget—no sales tax rate increase

The final version of the California budget did not include a sales/use tax rate increase. Please continue to collect and remit at your current rate. For current tax rates throughout California see publication 71, *California City and County Sales and Use Tax Rates* available at www.boe.ca.gov.

Are your cigarette and tobacco invoices adequate?

Sellers of cigarettes and tobacco products in California must have a California Cigarette and Tobacco Products License prior to purchasing or selling cigarettes or tobacco products in this state. This includes retailers, wholesalers, distributors, importers and manufacturers. Sellers must not only be licensed with the BOE for the sale of these products, but must also have all their cigarette and tobacco product purchase invoices for the last 12 months at their business location available for inspection by the BOE.

Below are invoice requirements you, as a seller, must comply with:

- Always purchase your products from a vendor licensed under the Cigarette and Tobacco Products Licensing Act. To verify if a wholesaler or distributor has a valid cigarette/tobacco products license, visit the BOE's website at www.boe.ca.gov.
- Always get a valid purchase invoice from your licensed vendor.

Make sure your purchase invoice shows:

- Name, address and telephone number of the vendor from whom you purchased the cigarettes or tobacco products.
- The vendor's cigarette and tobacco license number—for example, LDQ ET 91-XXXXXX, for a distributor.
- The amount of California excise taxes paid on the sale of the cigarettes or tobacco products, OR if a distributor is also a retailer or manufacturer, the statement, "All California cigarette and tobacco product taxes are included in the total amount of this invoice," may be used.
- An itemized listing of the cigarettes or tobacco products you purchased.
- Your name, address and retail cigarette and tobacco product license number—for example, LRQ ET 91-XXXXXX, for a retailer.
- The date of the sale.
- All purchase invoices must be complete and legible, kept for four years from the date of purchase, and the last 12 months of your purchase invoices available at the business location.

Failure to have these purchase invoices is a violation of Business and Professions Code. If you are found not to have the proper purchase invoices to support the cigarette and tobacco products you have in your possession, the

product may be seized, your license may be suspended or revoked, and/or you may be subject to penalties.

For additional information, contact the Investigations Division at 916-324-0105. Free BOE classes regarding cigarette and tobacco sales in CA are now offered; visit our website www.boe.ca.gov or call 916-322-8536.

Efile: Have you heard the news?

Nearly all sales and use tax accounts are eligible to efile! Since July 2008, if you do business from multiple locations or pay by Electronic Funds Transfer (EFT), you may now be eligible to file your tax returns and prepayments online (efile).

In fact, BOE is transitioning all eligible sales and use tax accounts from paper to efile. You will be notified well in advance of the effective date of the transition for your account. Detailed information along with publication 159, *Efile Guide*, will help make the transition to efilng easier for you. Once transitioned to efilng, you will no longer receive paper returns or prepayment forms in the mail.

You may be among the increasing number of California taxpayers who have already discovered the benefits of efilng your sales and use tax returns and prepayments. If so, thanks for leading the way and keep up the good work!

Efilng is easy, convenient and environmentally friendly. Several efile options are available on our website. BOE provides a free efilng option, BOE-file. Visit our website at www.boe.ca.gov and efile today.

Purchased or delivered out of state— not intended for use in California

California Assembly Bill 1452 replaced the "90-day" test with the "12-month" test effective September 30, 2008. The "12-month" test will determine whether an out-of-state purchase of a vehicle, vessel, or aircraft is subject to California use tax.

If you purchase a vehicle, vessel, or aircraft outside California and bring it into California within 12 months from the date of its purchase, your purchase may be subject to use tax if any of the following occur:

- Purchased by a California resident as defined in section 516 of the California Vehicle Code,
- For a vehicle, subject to registration in California during the first 12 months of ownership, or
- For an aircraft or vessel, subject to property tax in California during the first 12 months of ownership,

- Used or stored in California for more than one-half of the time during the first 12 months of ownership.

This bill also provides a use tax exclusion for the purchase of an aircraft or vessel that is brought into this state for the limited purpose of repair, retrofit, or modification. Also, there is a use tax exclusion for the purchase of a vehicle that is brought into this state for the exclusive purpose of warranty or repair service.

Please visit our website at www.boe.ca.gov or call the Taxpayer Information Section for more information.

Digital converter box coupons issued by federal government

Effective February 17, 2009, people with an analog TV will only be able to receive and view over-the-air digital programming by purchasing a digital-to-analog converter box. Between January 1, 2008 and March 31, 2009, upon request, the federal government will provide up to two coupons, issued by the Department of Commerce's National Telecommunications and Information Administration (NTIA), worth \$40 each to be used toward the purchase of eligible digital-to-analog converter boxes. These converter boxes are not intended for analog TVs connected to cable or satellite service.

The portion of the sales price paid through the use of a coupon issued by the United States government agency (NTIA) is a nontaxable sale to the United States. Therefore, the amount subject to tax is only the amount that is actually paid by the consumer.

If a retailer charges tax on the amount covered by the NTIA coupon, it constitutes excess tax reimbursement and must either be returned to the customer or paid to the BOE. If the excess tax reimbursement has been paid to the state, the retailer may request a refund from the BOE and return the excess tax collected to consumers that have overpaid tax.

If you have any questions regarding the digital television transition please see our Special Notice, *Tax Exemption for Digital Converter Box Coupons Issued by Federal Government*, or contact our Taxpayer Information Section.

Interest rate reduction for first half of 2009

The BOE has announced that from January 1, 2009, through June 30, 2009, the interest rate charged on underpayments and amounts past due is reduced from 10% to 8%, and the interest rate on overpayments is reduced from 3% to 2%. The interest rates apply to BOE-administered taxes, including: sales and use tax, cigarette tax, hazardous

substances tax, alcoholic beverage excise tax, motor vehicle fuel tax, use fuel tax, diesel fuel tax, insurance tax, energy resources surcharge, and emergency telephone users surcharge.

For more information

For additional information please visit our website at www.boe.ca.gov/sutax/interates.htm or call our Taxpayer Information Section.

New Ewaste recycling fees effective January 1, 2009

The California Integrated Waste Management Board (CIWMB) approved an increase in the Electronic Waste Recycling (Ewaste) fees at their June 17, 2008 meeting. The BOE is responsible for collection of the Ewaste fee.

Effective January 1, 2009, the new fees are as follows:

Screen Size, measured diagonally	Fee
More than 4 inches, less than 15 inches	\$ 8.00
15 inches or more, less than 35 inches	\$ 16.00
35 inches or more	\$ 25.00

If you would like to learn more about the Ewaste program or this fee increase, please visit the CIWMB website at ciwmb.ca.gov or eRecycle.org, or call 866-218-6103.

If you would like to learn more about the BOE and its role in collection of the fee, please visit our website at www.boe.ca.gov/sptaxprog/ewaste.htm, or contact the Environmental Fees Division at 916-341-6906.

Tax rate change for IFTA and Interstate User Diesel Fuel Licenses, 2009

The tax you normally report and pay with your quarterly fuel tax return for diesel fuel purchased outside California and used in this state has been increased to 43.7 cents per gallon for the period January 1, 2009 through December 31, 2009. You may also claim a credit of 43.7 cents per gallon for the gallons of tax-paid diesel fuel purchased in California and used both inside and outside the state.

The 43.7 cents per gallon reflects:

- 18 cents per gallon of diesel fuel tax, and
- An additional excise tax of 25.7 cents per gallon. (This rate is equal to 7.25 percent of the average retail price of motor vehicle fuel sold in California. This amount is calculated annually for the period January 1 through December 31.)

If you have any questions, call the Motor Carrier Section at 916-322-9669 or call our Taxpayer Information Section.

New OIC Guidelines to take effect January 1, 2009

The BOE has extended the Offer in Compromise (OIC) Program to include open active businesses that meet certain guidelines. BOE has found that some liabilities surprise taxpayers and can financially cripple a business. Some taxpayers have had to sell or discontinue their businesses because they were unable to pay a liability from transactions in which the taxpayer did not collect the tax or fee. These situations often arise when the taxpayers did not know or believed that their transactions were not subject to tax. The taxpayer usually first learns the transactions are subject to tax or fee through an audit. The new guidelines also allow compromises for taxpayers who have inherited their predecessor's tax or fee liability and to consumers who incurred a use tax liability. These new OIC guidelines allow the BOE to extend the OIC Program to these taxpayers until January 1, 2013.

Also, the OIC Program has been enhanced to provide more flexibility for taxpayers. In response to taxpayers' requests, the new guidelines will allow a taxpayer to fund an offer in a lump sum or to pay the offered funds in installments.

For more information on the OIC Program, please visit our website at www.boe.ca.gov or contact the Offers in Compromise Section at 916-322-7931.

Annual Taxpayers' Bill of Rights Hearings to begin

Do you have suggestions for improving our services? Do you want us to look more closely at a tax or fee issue? If you do, come share your ideas and concerns with our Board Members at the annual Taxpayers' Bill of Rights hearings. You can present your proposal orally or in writing.

The annual business and property taxes hearings for 2009 will be held in Sacramento and in Culver City in the Spring of 2009. The dates and times were not yet set when this article went to press, but you may check the BOE's website or contact the Taxpayers' Rights Advocate for details.

Although you are not required to make advance arrangements to speak, it would help us to prepare if you contacted the Taxpayers' Rights Advocate Office at 888-324-2798 beforehand to let us know your topic. If your proposal is complex or extensive, we encourage you to submit it in advance and then summarize it in your oral presentation.

For more details, please call the Taxpayers' Rights Advocate office or visit us at www.boe.ca.gov (click on the tab "Your Rights" and choose "Taxpayers' Rights Advocate"), where you can also view the office's 2007-08 annual report, which will be available soon.

More articles available online!

There are occasions when we have more articles than we have space for in this print version of the TIB. For this issue we have three additional articles available online at www.boe.ca.gov/news/tib08.htm. They are:

- Are you using Straight Vegetable Oil (SVO) or Waste Vegetable Oil (WVO) as a diesel fuel substitute?
- Legislative changes enacted in 2008.
- New or revised reference material (includes new and revised translated publications).

Small business fairs

To help you with the ins and outs of running your business, we've developed a free "one-stop-shop" event for small business owners. Be sure to check www.boe.ca.gov in January for the 2009 schedule.

Ethics at work— "thank you" is enough

We'd like to remind you that Board policy prevents our employees from accepting gifts of any type. So if you're grateful to someone for going the extra mile to help you with a complicated issue, a simple "thank you" will do. You can also use our online Customer Service Survey form at www.boe.ca.gov/info/survey.htm to give us feedback.

For More Information

All telephone numbers are toll-free.

Internet

www.boe.ca.gov
www.taxes.ca.gov

Taxpayer Information Section

800-400-7115
 TDD/TTY: 800-735-2929

Requests for Fax Copies

800-400-7115
 (Choose automated services)

Seller's Permit Verification

888-225-5263
www.boe.ca.gov

Taxpayers' Rights Advocate

888-324-2798
www.boe.ca.gov

Tax Evasion Hotline

888-334-3300

State Legislation

www.leginfo.ca.gov/bilinfo.html

California State
 Board of Equalization
 PO Box 942879,
 Sacramento, CA 94279-0001