

Legislative Changes Enacted In 2008

The following summaries reflect legislative changes enacted in 2008 affecting the Sales and Use Tax Law administered by the BOE. Assembly Bill 2047 (Stats. 2008, Ch. 222) is effective January 1, 2009. For copies of bills, please write to the Legislative Bill Room, State Capitol, Room B-32, Sacramento, CA 95814, or access the Internet at www.leginfo.ca.gov/bilinfo.html.

Payment Alternative for Unpaid Sales or Use Tax Liabilities

The BOE's Offers in Compromise program now provides a payment alternative for individuals and businesses who have certain unpaid sales or use tax liabilities. The previous program only applied to individuals and businesses that have closed out their accounts with the BOE. The new program includes:

- The portion of a final tax liability that was determined against an individual or business with an active account, in which the BOE finds no evidence that the taxpayer collected sales tax or use tax from the purchaser or any other person.
- The portion of a liability determined against successors of businesses that have inherited tax liabilities of their predecessors.
- Use tax liabilities determined against consumers who are not required to hold a seller's permit.

In addition, the BOE may enter into a written agreement that permits the taxpayer to pay the compromise in installments for a period not exceeding one year. A taxpayer that has received such a compromise may be required to enter into any collateral agreement that allows the BOE to reestablish the liability, or any portion of the liability, if the taxpayer has sufficient annual income during the following five-year period. This alternative payment program will expire on January 1, 2013.

Managed Audit Program

The BOE's Managed Audit Program that was set to expire on January 1, 2009, has been indefinitely extended. Under this program, taxpayers can perform an audit of their own books and records, with limited guidance from BOE auditors, in order to determine possible tax deficiencies. As an added incentive to participate in the program, the taxpayer is liable for only one-half of the interest usually imposed under current law.

For more information

For additional information please visit our website at www.boe.ca.gov or call our Taxpayer Information Section at 800-400-7115.