

TAX INFORMATION

BULLETIN

SUPPLEMENTAL ARTICLES



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Use Fuel Vendor Permit Requirement

You are required to register for a Vendor Use Fuel Tax Permit if you sell and deliver an alternative fuel into the fuel tank of a motor vehicle. Generally, all fuels that are used to propel a motor vehicle and are not defined as either motor vehicle fuel (primarily gasoline) or diesel fuel, are considered alternative fuels, and are taxed under the [Use Fuel Tax Law](#). A vendor can be a wholesaler, a retailer (such as a service station operator), or a user who sells alternative fuel to other users. Persons who sell alternative fuel through a key or card lock facility, or self-service pump are also considered vendors. It is important to note that not all alternative fuel retailers qualify as vendors. Persons who pump alternative fuel exclusively into vehicles registered for the flat rate annual tax are not vendors, and persons selling alternative fuel only for nonvehicular use (such as retailers who exclusively sell fuel for home heating, cooking, or lighting) are not vendors.

Use fuel tax rates and measurements

Fuel	Measurement	Rate
Alcohol Fuels (ethanol, methanol, and blended alcohol fuel with less than 15 percent gasoline)	Gallon	\$0.09 (9 cents)
Liquefied Petroleum Gas (LPG)	Gallon	\$0.06 (6 cents)
Liquid Natural Gas (LNG)	Diesel Gallon Equivalent (6.06 pounds)	\$0.1017 (10.17 cents)
Compressed Natural Gas (CNG)	Gasoline Gallon Equivalent (126.67 cubic feet, or 5.66 pounds)	\$0.0887 (8.87 cents)

Since January 1, 2015, the reportable taxable measure of CNG and LNG sold at retail, in California, to the public, for use as a motor vehicle fuel, is now based upon the equivalent energy contained in one gallon of gasoline or diesel fuel, respectively. For CNG, the gasoline gallon equivalent (GGE) is equal to 126.67 cubic feet, or 5.66 pounds, and for LNG the diesel gallon equivalent (DGE) is equal to 6.06 pounds. The GGE is based on the GGE adopted by The National Conference of Weights and Measures (NCWM) for CNG. NCWM has not adopted a DGE standard; however, currently there are 26 states that use the DGE unit for taxation of LNG.

If you are an annual flat rate permit holder, a current year's flat rate decal must be affixed to each vehicle for which you have pre-paid use fuel taxes. In addition, you must provide the vendor with a written representation that you have prepaid the annual flat rate fuel tax, and that the fuel vendor (seller) is not liable for collecting and paying the use fuel taxes. Providing the vendor with a photocopy of the letter that was sent to you with your current year's decal(s) will satisfy this requirement.

Sales and Use Tax Exemption Bulk Sales of Coins and Bullion

Exemption

Sales in bulk of monetized bullion, non-monetized gold or silver bullion, and numismatic coins with a market value of \$1,500 or more, are exempt from tax when those sales are substantially equivalent to transactions in securities or commodities.

The exemption is granted under [Revenue and Taxation Code section 6355](#) and Sales and Use Tax [Regulation 1599](#), *Coins and Bullion*.



What is bulk sale?

A bulk sale occurs when the total sales price in a single transaction is \$1,500 or more.

Definition of terms

- **Monetized bullion:** Coins or other forms of money made of gold, silver, or other metal recognized by the legal system as a valid method of payment. An example of monetized bullion would be a silver dollar coin.
- **Non-monetized bullion:** Smelted or refined gold or silver with a value determined primarily by its gold or silver content, not its form. An example of non-monetized bullion would be a gold or silver bar.
- **Numismatic coins:** Coins that are for collections or study. These often include ancient or historical coins whose value is based upon the metal content and/or rareness and desirability of the coins.

What is the role of the BOE?

As mandated by law, the BOE is required to index the coins and bullion bulk sale exemption threshold for inflation by October 1 each year.

Staff calculates the annual inflation adjustment to the coins and bullion bulk sale exemption threshold, based on each year's (June to June) [California Consumer Price Index \(CCPI\)](#). When the cumulative inflation adjustment equals or exceeds a multiple of \$500, the coins and bullion bulk sale exemption threshold automatically increases to the next nearest multiple of \$500, effective January 1 of the succeeding calendar year.

After making the annual inflation adjustment calculation to the current \$1,500 threshold for 2015, staff concluded that no changes are required to the operative bulk sale exemption threshold.

Does the price of gold factor into the calculation?

- No

What have the rates been historically?

Period	Bulk Sales Threshold
January 2009 – Current	\$1,500
January 1993 – December 2008	\$1,000

Who is affected by the setting of this threshold?

- Retailers and consumers of bulk coins and bullion

How are those affected notified?

Since there is no change to the bulk sales exemption threshold in 2015, no revisions to [Regulation 1599](#) or [publication 64, Jewelry Stores](#), are made. Affected parties continue to use the current threshold of \$1,500.

If the exemption threshold increases:

Regulation 1599 and publication 64 are updated, posted on the BOE website, and distributed to subscribers to the monthly [BOE Updates and Announcements of Proposed Regulatory Changes](#)

An article is published in the [Tax Information Bulletin](#) notifying taxpayers of the change.

An article is published in the [Tax Practitioner Newsletter](#) informing practitioners of the change.

A special notice is issued to inform affected taxpayers and industry associations of the change. Because coins and bullion retailers can appear under various [North American Industry Classification Systems \(NAICS\)](#) codes, the actual number of affected taxpayers is not known. However, based on information in our registration system coupled with an Internet search for coin and bullion dealers in California, we estimate there are between 350 and 1,050 affected retailers.



New Publications January through June 2015

Number	Title	Date
Pub 262G	Tax Help for Nonprofits and Faith-Based Organizations	05/15
Pub 436G	Tax Help for Grocery Stores	02/15
Pub 436L	Tax Help for Liquor Stores	07/15
Pub 452	California Buyer's Guide to Tax	05/15
Pub 541	Manufacturing and Research & Development Exemption Tax Guide	01/15
Pub 557	Tax Help for the Cannabis Industry	10/15

Revised Publications January through June 2015

Number	Title	Date
Pub 12	California Use Fuel Tax-A Guide for Vendors and Users	3/15
Pub 18	Nonprofit Organizations	8/15
Pub 21-G	The California State Board of Equalization	1/15
Pub 25	Auto Repair Garages and Service Stations	06/15, 08/15
Pub 26	Tax Information Bulletin Index	1/15
Pub 29	California Property Tax, An Overview	7/15
Pub 30	Residential Property Assessment Appeals	7/15
Pub 34	Motor Vehicle Dealers	10/15
Pub 36	Veterinarians	10/15
Pub 40	Watercraft Industry	01/15, 02/15
Pub 47	Mobilehomes & Factory-Built Housing	6/15
Pub 52	Vehicles and Vessels: Use Tax	01/15, 05/15
Pub 53	Managed Audit Program	9/15
Pub 62	Locksmiths	1/15
Pub 63	Cigarette Distributor Licensing and Tax Stamp Guide	1/15
Pub 66	Agricultural Industry	04/15, 05/15, 08/15
Pub 75	Interest, Penalties and Fees	2/15
Pub 76	Audits	6/15
Pub 78	Sales of Cigarettes and Tobacco Products in California – License Requirements for Retailers	8/15
Pub 90	Environmental Fee	8/15
Pub 91	California Tire Fee	4/15
Pub 93	Cigarette and Tobacco Products Taxes	6/15
Pub 103	Sales for Resale	2/15
Pub 107	Do You Need a California Seller's Permit?	9/15
Pub 110	California Use Tax Basics	5/15
Pub 115	Tips, Gratuities, and Service Charges	5/15
Pub 117	Filing a Claim for Refund	5/15
Pub 176-1	Taxpayer Educational Consultation	9/15
Pub 252A	Relief Request	9/15
Pub 256	Lumber Products and Engineered Wood Products	3/15
Pub 439	Online Services	3/15
Pub 542	News For Tax Practitioners – What You Need To Know About California Sales and Use Tax	03/15, 05/15, 09/15