



Special Notice

New Tax Rates to Take Effect on April 1, 2008

CALIFORNIA
STATE BOARD
OF EQUALIZATION

450 N Street
Sacramento, CA 95814

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

Board website and
Member contact
information:
www.boe.ca.gov

Taxpayers' Rights
Advocate: 888-324-2798

April 2008

City of Ceres 7.875%

Voters in the City of Ceres, located in Stanislaus County, approved a 0.50% City of Ceres Public Safety Transactions and Use Tax (CRPS/173), which will increase the tax rate within city limits to 7.875% from 7.375% effective April 1, 2008. The tax rates in areas outside the city limits of Ceres will remain the same. You should verify that your business is located within the Ceres city limits before collecting the increased tax rate.

City of Delano 8.25%

Voters in the City of Delano, located in Kern County, approved a 1.00% City of Delano Transactions and Use Tax (DLNO/170), which will increase the tax rate within city limits to 8.25% from 7.25% effective April 1, 2008. The tax rates in areas outside the city limits of Delano will remain the same. You should verify that your business is located within the Delano city limits before collecting the increased tax rate.

City of Hollister 8.25%

Voters in the City of Hollister, located in San Benito County approved a 1.00% City of Hollister Transactions and Use Tax (HLST/171), which will increase the tax rate within the city limits to 8.25% from 7.25% effective April 1, 2008. The tax rates in areas outside the city limits of Hollister will remain the same. You should verify that your business is located within the Hollister city limits before collecting the increased tax rate.

City of Selma 8.475%

Voters in the City of Selma, located in Fresno County have approved a 0.50% City of Selma Public Safety Transactions and Use Tax (SLMA/169), which will increase the tax rate within the city limits to 8.475% from 7.975% effective April 1, 2008. The tax rates in areas outside the city limits of Selma will remain the same. You should verify that your business is located within the Selma city limits before collecting the increased tax rate.

Which retailers must collect tax at the new rate?

You must apply the new sales and use tax rate if you:

- Are a retailer in the district and you sell and deliver merchandise within the district.
- Are a dealer of vehicles, undocumented vessels, or aircraft and sell those items to customers who register them at an address located in the district.
- Collect tax on lease payments you receive for leased property the lessee uses in the district.
- Are a retailer located outside of the district who is "engaged in business" in the district and you deliver or ship merchandise into the district for use in the district or participate within the district in making the sale. You are considered to be engaged in business in the district if you:
 - a) have any type of business location there,
 - b) deliver into the district using your own vehicles, or
 - c) have an agent or representative in the district to take orders or sell or deliver merchandise you sell.

Note: If you are not required to collect the additional district tax, as described above, the purchaser may be liable for the district tax.

Is there an exemption from the tax rate increase?

In general, fixed-price contracts and fixed-price lease agreements entered into before April 1, 2008, are subject to the tax rates in effect at the time you and your customer entered into the contract. For a contract to qualify as fixed-price, neither party can have the unconditional right to adjust the price for an increase in costs or terminate the contract or lease (Revenue and Taxation Code, sections 7261(g) or 7262(f)). In addition, the tax amount or rate must be specifically stated in the contract or lease agreement. If the contract or lease qualifies as fixed-price, you should continue to report and pay the tax at the specified rate - that is, the rate in effect at the time you entered into the contract.

Is your address in the city limits or unincorporated county?

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 this page on the Board's website: www.boe.ca.gov/sutax/cityaddresses.htm, or if the city you are looking for is not listed on our website you may contact the city directly.

Rate charts available

For your convenience, tax rate charts are available for transactions up to \$100 (www.boe.ca.gov/sutax/streimsched.htm). If you would like to order a copy of any of these rate charts, please check online at www.boe.ca.gov or call our Taxpayer Information Section at 800-400-7115.

For more information

If you have any questions regarding this notice, please call our Taxpayer Information Section at 800-400-7115. Staff is available from 8:00 a.m. to 5:00 p.m., Pacific time, Monday through Friday, except state holidays.