



Special Notice

New Tax Rates to Take Effect on October 1, 2008

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Taxpayers' Rights
Advocate: 888-324-2798

Voters in the cities listed below have approved new transactions and use taxes. These taxes apply only within the city limits. Please read the information below to see if you are affected by the new tax rates.

| CITY | COUNTY | ACRONYM | CODE | DISTRICT TAX RATE INCREASE | TOTAL TAX RATE FOR CITY |
|---------------|-----------------|---------|------|----------------------------|-------------------------|
| Clovis* | Fresno | CCPS | 100 | -- | 7.975% |
| South Gate | Los Angeles | SGTE | 182 | 1.00% | 9.25% |
| Mammoth Lakes | Mono | MLPR | 183 | 0.50% | 7.75% |
| Pacific Grove | Monterey | PGRV | 184 | 1.00% | 8.25% |
| Pismo Beach | San Luis Obispo | PSMO | 185 | 0.50% | 7.75% |

Please note: The tax rate in areas of the county outside these cities will remain the same.

* The City of Clovis Public Safety Transactions and Use Tax will end September 30, 2008. Effective October 1, 2008, the tax rate in Clovis will change to 7.975% from 8.275%

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 to customers who register them at an address located in the district.
- Collect tax on lease payments you receive for leased property used by the lessee 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 for the purpose of taking orders, or selling or delivering merchandise.

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 prior to October 1, 2008, are not subject to the tax increase. 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 rate in effect at the time you entered into the contract or lease.

The fixed-price contract exemption, however, is designed to protect the business expectations of the parties when they entered into the contract and protect them from an unplanned increase in tax rate. If the tax rate should go down after the terms of your contract have been established, any sales made after the date of the tax decrease would be taxed at the new, lower rate.

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 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 located within the city boundaries.

Rate charts available

For your convenience, tax rate charts are available for sale transactions up to \$100 (BOE-180, *Sales Tax Reimbursement Schedules*). If you would like to order a copy of any of these rate charts, please visit our website at www.boe.ca.gov or call our Taxpayer Information Section at 800-400-7115.

Taxpayer Information Section

If you have any questions regarding this notice, please call our toll-free number and speak with a Customer Service Representative. Representatives are available weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays. Please call:

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

In addition to English, assistance is available in other languages.