



Special Notice

STATE BOARD
OF EQUALIZATION

Use Tax Requirements Changed October 1, 2008 for Vehicles, Vessels, and Aircraft Purchased Out of State

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

**Taxpayers' Rights
Advocate:**
888-324-2798

**Taxpayer Information
Section**
800-400-7115
TDD/TTY: 800-735-2929



The approval of the 2008-2009 California Budget included Assembly Bill 1452 (AB 1452), which in part amends Revenue and Taxation Code (RTC) section 6248 to replace the existing "90-day test" with a "12-month test" to determine whether the out-of-state purchase of any vehicle, vessel, or aircraft was for the purpose of storage, use, or other consumption in California and therefore subject to California use tax. This most recent amendment of RTC section 6248 generally restores the "12-month test" that applied October 2, 2004 through June 30, 2007.

On and after October 1, 2008, any vehicle, vessel, or aircraft purchased outside of California and brought into the state within 12 months from the date of its purchase is presumed to be acquired for storage, use, or other consumption in California and subject to use tax if any of the following occur:

- the vehicle, vessel, or aircraft was purchased by a California resident as defined in section 516 of the Vehicle Code, **or**
- in the case of a vehicle, the vehicle was subject to vehicle registration in California during the first 12 months of ownership, **or**
- in the case of an aircraft or vessel, the aircraft or vessel was subject to property taxation in California during the first 12 months of ownership, **or**
- the vehicle, vessel, or aircraft is used or stored in this state by a non-resident for more than one-half of the time during the first 12 months of ownership.

Under any of the conditions described above, it is presumed that the vehicle, vessel, or aircraft was purchased for use in California and use tax will apply. However, if a purchaser provides satisfactory documentary evidence showing that the vehicle, vessel, or aircraft was purchased for use outside California during the first 12 months of ownership, use tax will not apply. Acceptable evidence may include proof of tax paid to another state and/or registration of that vehicle, vessel, or aircraft with the proper out-of-state authority. This documentation must be submitted to the Board of Equalization (BOE) for evaluation.

The provisions of amended RTC section 6248 do not apply if a vehicle, vessel, or aircraft is purchased, or is subject to a binding purchase contract that was entered into, on and after July 1, 2007 through September 30, 2008.

LIMITED EXCLUSIONS

Repair, Retrofit, and Modification of Aircraft and Vessels

An aircraft or vessel is not presumed to have been purchased for use in California, and is therefore not presumed to be subject to use tax, if the aircraft or vessel is brought into this state within the first 12 months of ownership for the limited purposes of repair, retrofit, or modification, provided no more than 25 hours of airtime or sailing time in California is logged for incidental or other use for aircraft or vessels, respectively.

Warranty or Repair of Vehicles

A vehicle is not presumed to have been purchased for use in California, and is therefore not presumed to be subject to use tax, if the vehicle is brought into this state within the first 12 months of ownership for the exclusive purpose of warranty or repair service, provided the vehicle is not used or stored in this state for that purpose for more than 30 days. The 30-day period begins when the vehicle enters this state, includes any travel time to and from the warranty or repair facility, and ends when the vehicle is returned to a point outside this state. The vehicle owner must obtain documentary evidence including a work order stating the dates that the vehicle is in the possession of the warranty or repair facility and sign a statement specifying dates of travel to and from the warranty or repair facility.

Registration of a Vehicle with California Department of Motor Vehicles (DMV)

BOE-447, *Statement Pursuant to Section 6247 of the California Sales and Use Tax Law*, is used by a purchaser to claim that the vehicle was purchased for use outside of the state. This form is also used by a dealer to document that a California resident purchased the vehicle for use outside the state. When a California resident brings his or her vehicle into California during the first 12 months of ownership, the BOE considers the vehicle to be purchased for use in California and use tax may apply. If use tax applies, the purchaser must remit the tax directly to the Board of Equalization.

BOE-448, *Statement of Delivery Outside California*, is used by a dealer to certify that a vehicle was delivered to a purchaser outside California. It is used by a purchaser to support the fact that delivery was accepted out of state.

Continuation of Other Existing Requirements

AB 1452 amended RTC section 6248 to expand the "90-day test" to a "12-month test." This expanded "12-month test" applies only to the use of vehicles, vessels, and aircraft, having no effect on the "90-day" test applicable to the use of all other types of tangible personal property. Additionally, amended section 6248 does not change the imposition of use tax on tangible personal property, including vehicles, vessels, and aircraft, purchased outside of the state and first functionally used in California.

For More Information

Information on use tax due on purchases of vehicles, vessels, and aircraft is found on our website at www.boe.ca.gov. For any questions regarding use tax or this notice, please call our Taxpayer Information Section at 800-400-7115. Staff are available to take your calls weekdays from 8:00 a.m. to 5:00 p.m. Pacific time, except state holidays.