



# Special Notice

## STATE BOARD OF EQUALIZATION

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SACRAMENTO, CA 95814

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[www.boe.ca.gov](http://www.boe.ca.gov)

TAXPAYER INFORMATION  
SECTION  
800-400-7115  
TTY  
711

## Qualified Purchaser Program *Changes That May Impact 2011 Reporting*

The Board of Equalization (BOE) approved changes to the [Qualified Purchaser \(QP\) Program](#) under Revenue and Taxation Code (R&TC) 6225. These changes became effective July 26, 2011.

### Filed Three Consecutive Returns Reporting \$0.00 Purchases Subject To Use Tax

The BOE will close QP use tax accounts where three consecutive annual use tax returns were filed with no purchases subject to use tax reported. The BOE will notify QPs prior to the closeout of their account. If a QP incurs a use tax liability in a future year, the QP must re-register for a QP use tax account and file a return annually.

### Gross Receipts Less Than \$100,000 For The Last Two Consecutive Years

If a QP's gross receipts from business operations fell below \$100,000 for the last two consecutive years, the QP is allowed to close out their QP use tax account. This closeout process is not automatic; therefore, QPs who meet this criteria must contact their local BOE field office. The QP will be required to provide sufficient documentation indicating their gross receipts from business operations fell below \$100,000 for the last two consecutive years.

### Purchases Subject To Use Tax After QP Use Tax Account Is Closed

After a QP's use tax account is closed, the QP must re-register for a QP use tax account and file a return annually *if* the QP's gross receipts increase to meet the \$100,000 threshold *and* the QP makes purchases subject to use tax.

If a QP does not meet the \$100,000 gross receipts threshold after the QP's use tax account is closed, the QP may use the BOE form, [BOE-401-DS](#), *Use Tax Return*, or their Franchise Tax Board income tax return to report any use tax due.

Use tax is due when items are purchased from a retailer such as a mail order catalog, an Internet seller, an online auction, or a television shopping network located outside California and tax was not paid to the retailer.

### Convenience QP Registration Process Discontinued

QPs that meet the requirements of R&TC 6225 and have use tax to report are required to register by filing a [BOE-404-A](#), *Qualified Purchaser Use Tax Registration*, with the local BOE field office.

### For More Information

If you have additional questions regarding the QP program, please visit our website at [www.boe.ca.gov](http://www.boe.ca.gov), or call our Taxpayer Information Section at 800-400-7115 (TTY:711). Customer service representatives are available weekdays from 8:00 a.m. to 5:00 p.m. Pacific time, except state holidays.

