

Regulations amended with effective dates from April 1, 2008 to March 31, 2009

Regulation 1506 – *Miscellaneous Service Enterprises* and Regulation 1524 – *Manufacturers of Personal Property*, effective March 2009, amendments to the regulations clarify how tax applies to:

- Dry cleaner's charges for alterations,
- Charges by a third party who alters the garments on behalf of the cleaner, and
- Dry cleaner's sales of miscellaneous items and the need for the cleaner to hold a seller's permit when making such sales.

Regulation 1570 – *Charitable Organizations*, effective April 10, 2008, incorporated a new statutory exemption for sales of new children's clothing to certain nonprofit organizations for distribution without charge.

Regulation 1574 – *Vending Machine Operators*, effective September 24, 2008, updated the tax rate percentages and deleted percentages that are no longer relevant.

Regulation 1591 – *Medicines and Medical Devices*, effective December 14, 2008, clarifies that dietary supplements and adjuncts furnished to a patient as part of a medically supervised weight loss program to treat obesity qualify as medicines.

Regulation 1599 – *Coins and Bullion*, The threshold for sales occurring on or after January 1, 2009, for an exempt "sale in bulk" increased from \$1,000 to \$1,500.

Regulation, 1602 – *Food Products*, effective December 14, 2008, clarifies that supplement or adjunct products sold by a physician to a patient as part of a medically supervised weight loss program to treat obesity are exempt sales of "medicine."

Regulation 1602.5 – *Reporting Methods for Grocers*, effective December 31, 2008, eliminates the requirement that grocers get Board approval before using an electronic scanning method to determine the amount of their sales of exempt food products. The amendments also remove the recommendation that grocers seek BOE approval prior to using the modified purchase-ratio and the cost plus markup methods for reporting tax.

Regulation 1620 – *Interstate and Foreign Commerce*

- The statutory exemption from use tax for the first \$400 of tangible personal property purchased in a foreign country and hand-carried into this state, increased in the exempt amount to \$800 as of January 1, 2008.
- On or after October 1, 2008, the amendments to the regulation reinstate the 12-month test which provides a rebuttable presumption that a vehicle, vessel, or aircraft purchased out of state is presumed to be purchased for use in California if brought into this state within 12 months from the date of purchase.

Regulation 1699 – *Permits*, effective February 23, 2008, clarifies the methods for notifying the BOE when a seller's permit becomes inactive. The amendments also explain the limitation on a predecessor's liability and make it clear that the fraud penalty can be imposed on a predecessor when the ownership of the successor who committed fraud is substantially the same as the predecessor ownership.

Regulation 1702.5 – *Responsible Person Liability*, effective January 2, 2009, incorporates a specific statute of limitations for issuing deficiency determinations to corporate officers or other responsible persons.

Regulation 1705 – *Relief from Liability*, effective March 2009 clarifies when a franchisee would be relieved from the liability to pay tax based on erroneous written advice provided by the BOE to its franchisor.

Regulation 1802 – *Place of Sale and Use for Purposes of Bradley-Burns Uniform Local Sales and Use Taxes*, effective February 1, 2008 clarifies the jurisdiction to which use tax on a transaction of \$500,000 or more should be reported.

Regulation 1807 – *Petitions for Reallocation of Local Tax*, effective September 10, 2008 provides a more comprehensive process for review of petitions for local tax reallocation, to restructure the request for extension process, and to provide earlier notification to substantially affected jurisdictions.

Regulation 1828 – *Petitions for Distribution or Redistribution of Transactions and Use Tax*, effective September 10, 2008, provides a more comprehensive process for review of petitions for district tax distribution or redistribution, to restructure the request for extension process, and to provide earlier notification to substantially affected jurisdictions.

The revised regulations are available on our website at www.boe.ca.gov.