

State Board of Equalization

OPERATIONS MEMO

For Public Release

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**SUBJECT: Cross Referencing Taxpayer Registration in Board of Equalization
(BOE) Programs**

I. PURPOSE

The purpose of this operations memo is to document the processes in place that help identify current sales and use tax permit holders and special taxes and fees account holders that require registration for the Underground Storage Tank Maintenance Fees, Cigarette and Tobacco Products Taxes, Tire Recycling Fees, Environmental Fees, and Electronic Waste Recycling Fees. By identifying unregistered tax and fee payers, the BOE can inform them of their registration and reporting requirements.

To assist in identifying unregistered tax and fee payers with obligations in multiple tax or fee programs, audit staff are required to answer the following five (5) questions listed on each of the following forms: BOE-414-A, *Report of Field Audit*, BOE-414-B, *Field Billing Order*, *Audit Summary Workbook (ASW) on No Opinion Warranted (NOW) audits*, BOE-414-C, *Report of Examination of Records* or BOE-596, *Report on Account Being Waived for Audit*.

- Underground Storage Tank?
- Cigarette/Tobacco Products?
- Seller of Tires?
- Business with 50 or more employees?
- Seller of TVs, Computers, and Portable DVD Players?

II. AUDIT STAFF PROCEDURE

When performing audits, auditors in Sales and Use Tax Department (SUTD) and Special Taxes and Fees (STF) are required to respond "Yes" or "No" to the questions on BOE-414-A, BOE-414-B, BOE-414-C, BOE-596, or the ASW. The information gathered on the BOE-414-A and BOE-414-B is forwarded to STF on an IRIS report. The information gathered on the BOE-414-C, BOE-596 or the ASW is forwarded to STF in an email as explained in this memo.

A. UNDERGROUND STORAGE TANK (UST)

Owners of underground storage tanks must pay a fee based on the number of gallons of petroleum products placed into the UST. In many instances where the UST owner (which is generally the property owner) was not the operator of the

UST, STF staff discovered the owner was not registered to pay the fee and owed a substantial amount of delinquent fees. The BOE is taking steps to eliminate these occurrences by promoting awareness of the registration requirements. To assist in this effort, audit staff should ask the taxpayer if there is a UST on property where they own, lease, or operate their business, and if they hold a UST account with the BOE.

Auditors are required to answer the "*Underground Storage Tank?*" question.

A "No" response indicates there are no USTs on property owned, leased, or operated by the taxpayer being audited. A "No" response requires no further action.

A "Yes" response indicates a UST is present on property owned, leased, or operated by the taxpayer being audited and requires the auditor to take the action described below.

BOE-414-A and BOE-414-B

A "Yes" response requires a general comment be added, which should include the following, if available:

- Underground Storage Tank Maintenance Fee account number(s) of UST owner(s). Operators of multiple locations may have multiple UST owners.
- Address where UST is located
- UST owner's name, address, and phone number
- Any other information that would help to identify or locate the owners of the UST
- *Date a copy of the lease was submitted to STF, if applicable

*If a lease exists, the auditor should obtain a copy of the lease agreement and email it, along with a copy of the UST general comment information, to the PSTD-STFD-Ops Memo 1096 Notifications email group. This should be done prior to submitting the audit for supervisor approval.

If the taxpayer does not provide the requested information, the auditor should comment that the information was requested and the taxpayer would not provide it.

ASW

A "Yes" response to the "Is this a NOW audit?" brings up the UST question. If the "yes" box is checked, the instruction to *Forward ASW to PSTD-STFD* and the link for the PSTD-STFD-Ops Memo 1096 Notifications mailbox appear. A field will appear for the auditor to add the information as required on the BOE-414-A and BOE-414-B.

BOE-414-C

If the audit is a "no change" audit, the UST question should be answered on BOE-414-C in Section F, "OTHER."

A “Yes” response indicates a UST is present on property owned, leased, or operated by the taxpayer. The auditor should obtain the information as outlined above for the BOE-414-A and BOE-414-B. The auditor should include this information in the general comment section of BOE-414-C and email the form to the PSTD-STFD-Ops Memo 1096 Notifications email group.

BOE-596

If the audit is field waived, the UST question should be answered on BOE-596, number 8a. For "Yes" responses, the auditor should email the form to the PSTD-STFD-Ops Memo 1096 Notifications email group.

For more information about the fee and its requirements, see [publication 88](#), *Underground Storage Tank Fee*, and [publication 25](#), *Tax Tips for Auto Repair Garages and Service Stations*. You may also review [Underground Storage Tank Regulation 1205](#), *Fee Payer, Rebuttable Presumption*.

B. CIGARETTE AND TOBACCO PRODUCTS TAXES

All cigarette and tobacco product manufacturers, importers, distributors, wholesalers, and retailers in California are required to register with the BOE. Tobacco products include all forms of cigars, except “little cigars,” smoking tobacco, chewing tobacco, and snuff, as well as other products containing at least 50 percent tobacco.

The “*Cigarette/Tobacco Products?*” question is specifically targeted toward taxpayers who may be importing, manufacturing, distributing, wholesaling, or retailing cigarettes and tobacco products.

Auditors are required to answer the “*Cigarette/Tobacco Products?*” question.

A "No" response indicates the taxpayer does not import cigarettes or tobacco products into California, nor do they manufacture, distribute or sell cigarettes or tobacco products at wholesale or retail in California. A "No" response requires no further action.

A "Yes" response indicates the taxpayer imports cigarettes or tobacco products into California, or they manufacture, distribute, or sell cigarettes or tobacco products at wholesale or retail in California and requires the auditor to take the action described below.

BOE-414-A and BOE-414-B

A “Yes” response requires a general comment, which should include the following, if available:

- A brief description of the business operations involving cigarette and tobacco products.

ASW

A "Yes" response to the "Is this a NOW audit?" brings up the Cigarette/Tobacco question. If the "yes" box is checked, the instruction to *Forward ASW to PSTD-STFD* and the link for the PSTD-STFD-Ops Memo 1096 Notifications mailbox appear. A field will appear for the auditor to add the information as required on the BOE-414-A and BOE-414-B.

BOE-414-C

If the audit is a "no change" audit, the cigarette/tobacco products question should be answered on BOE-414-C in Section F, "OTHER." For a "Yes" response, the auditor should obtain the information as outlined above for the BOE-414-A and BOE-414-B. The auditor should include this information in the general comment section of BOE-414-C and email it to the PSTD-STFD-Ops Memo 1096 Notifications email group.

BOE-596

If the audit is field waived, the cigarette/tobacco products question should be answered on BOE-596, number 8a. For "Yes" responses, the auditor should email the form to the PSTD-STFD-Ops Memo 1096 Notifications email group.

"Yes" responses on BOE-414-A or BOE-414-B are forwarded to STF on an IRIS report.

For more information about the cigarette and tobacco products program and its requirements, see [publication 93](#), *Cigarette and Tobacco Products Taxes* and [publication 78](#), *Sales of Cigarette and Tobacco Products in California*.

C. TIRE RECYCLING FEE

Purchasers of "new tires" must pay, and sellers must collect, a fee for each new tire sold. Persons who sell new tires must register with the BOE for a California Tire Fee account. A new tire may be sold individually or with a new or used motor vehicle, including a trailer, or motorized equipment, construction equipment, or farm equipment. A new tire does not include retreaded, reused, or recycled tires.

Auditors are required to answer the "*Seller of Tires?*" question

A "No" response indicates the taxpayer does not sell new tires. A "No" response requires no further action.

A "Yes" response indicates the taxpayer sells new tires and requires the auditor to take the action described below.

ASW, BOE-414-C, BOE-596

If the audit is a "NOW" or "no change" audit, the seller of tires question should be answered on the ASW or on BOE-414-C in Section F, "OTHER".

If the audit is field waived, the seller of tires question should be answered on BOE-596, number 8a.

For “Yes” responses, the auditor should email the ASW, BOE-414-C, or BOE-596 to the PSTD-STFD-Ops Memo 1096 Notifications email group.

For further information about the fee and its requirements, see [publication 91](#), *California Tire Fee*.

D. ENVIRONMENTAL FEE

The Environmental Fee is imposed on organizations (generally, businesses) in industry groups that use, generate, or store hazardous materials or that conduct activities related to those materials. All organizations with 50 or more employees who are employed more than 500 hours (per employee) in California during a calendar year must register and pay the fee.

Auditors are required to answer the "Business with 50 or more employees?" question.

A "No" response indicates the taxpayer is not an organization with 50 or more employees who are employed more than 500 hours (per employee) in California during a calendar year. A "No" response requires no further action.

A "Yes" response indicates the taxpayer is an organization with 50 or more employees who are employed more than 500 hours (per employee) in California during a calendar year. A "Yes" response requires the auditor to take the action described below.

ASW, BOE-414-C, BOE-596

If the audit is a “NOW” or “no change” audit, the environmental fee question should be answered on the ASW or on the BOE-414-C in Section F, “OTHER”.

If the audit is field waived, the environmental fee question should be answered on BOE-596, number 8a.

For “Yes” responses, the auditor should email the ASW, BOE-414-C, or BOE-596 to the PSTD-STFD-Ops Memo 1096 Notifications email group.

For more information about the fee and its requirements, see [publication 90](#), *Environmental Fee*.

E. ELECTRONIC WASTE RECYCLING FEE

The Electronic Waste Recycling (eWaste) Fee is imposed on the retail purchase of certain electronic products that have been identified by the Department of Toxic Substances Control as “covered electronic devices” (CEDs). These products

include computer monitors, laptop computers, portable DVD players with LCD screens, “bare” cathode ray tubes (CRTs) and devices containing CRTs, televisions with LCD screens, plasma screens, or CRTs.

Auditors are required to answer the "*Seller of TVs, Computers, and Portable DVD Players?*" question.

A "No" response indicates the taxpayer does not sell CEDs. A "No" response requires no further action.

A "Yes" response indicates the taxpayer is a retailer that sells or leases CEDs.

ASW, BOE-414-C, or BOE-596

If the audit is a “NOW” or "no change" audit, the eWaste question should be answered on ASW or BOE-414-C in Section F, “OTHER.”

If the audit is field waived, the eWaste question should be answered on BOE-596, number 8a.

For “Yes” responses, the auditor should email the ASW, BOE-414-C, or BOE-596 to the PSTD-STFD-Ops Memo 1096 Notifications email group.

For more information about the fee and its requirements, see [publication 95](#), *Electronic Waste Recycling Fee*.

III. IRIS REPORTS

The following IRIS reports are produced by TSD based on the “Yes” responses on BOE 414-A and BOE-414-B. The reports are posted to CA-View at the beginning of the month following the end of the month or quarter, based on frequency of the report.

Name of Report	Report ID	Frequency
Control/Error Report	Q1AUD506#001	Monthly
UST Report	Q1AUD506#002	Monthly
Control/Error Report	Q1AUD605#001	Quarterly
50+ Employees	Q1AUD605#002	Quarterly
Tobacco Sellers	Q1AUD605#003	Quarterly
Seller of Tires	Q1AUD605#004	Quarterly
eWaste Sellers	Q1AUD605#005	Quarterly

IV. STF REGISTRATION AND LICENSING PROCEDURE

Designated staff from the Registration and Licensing Section of the STF's Collections and Registration Branch will review all accounts listed on the monthly/quarterly reports in CA-View, emails based on the ASW, and copies of forms BOE-414-C and BOE-596 received in the PSTD-STFD-Ops Memo 1096 Notification email box.

STF staff will review the general comments, if applicable, and research the entity to determine if a STF account has already been issued or if a new account is needed. If an account already exists, information from the audit reports can be utilized to update and cross-reference the related account. If no account is found, staff will research to determine if a new account should be established and take appropriate steps as necessary to register the tax or feepayer.

V. SUTD DISTRICT AUDIT AND STF AUDIT REVIEWERS

All Audit Reviewers will verify that the audit staff has completed the appropriate questions and comments on BOE-414-A, BOE-414-B, ASW, BOE-414-C, or BOE-596 as outlined above.

VI. OBSOLESCENCE

This operations memo will become obsolete when the information contained herein is incorporated into Audit Manual section 0205.00.



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