



California statewide sales and use tax rate is 7.25 percent—rate reduced by 1 percent July 1, 2011

On July 1, 2011, the statewide sales and use tax rate decreased from 8.25 percent to 7.25 percent. In areas where there are voter-approved district taxes, the tax rate is the statewide base tax rate of 7.25 percent plus any applicable district tax.

How do I find my current rate?

For a current listing of California sales and use tax rates by city and county, please visit our website at www.boe.ca.gov/cgi-bin/rates.cgi. Our website also includes a link to a free sales and use tax rate locator (www.geotax.com) that allows you to determine a tax rate for any address in the state. However, we provide the GeoTax link only as a public service. We do not maintain the website and are not responsible for the content or accuracy of the information on that site.

What if I collected tax at the incorrect rate?

We are aware that some retailers may not have reprogrammed their cash registers in time for the tax rate change. If you charged sales tax reimbursement or collected use tax at the higher rate on or after July 1, 2011, you must return any excess tax collected to your customers or pay it to the state.

How do I handle returned merchandise?

If a customer purchases merchandise before July 1, 2011, but returns it after that date, you should refund tax based on the rate in effect at the time of the sale (that is, the amount you collected from the customer).

What if I have a fixed-price contract?

In general, fixed-price contracts and fixed-price lease agreements entered into prior to the effective date of a tax increase are not subject to the tax increase. The fixed-price contract exemption, however, is designed to protect the business expectations of the parties when they enter into the contract and protect them from an unplanned increase in tax rate. When the tax rate decreases after the terms of your contract have been established, sales made after the date of the tax decrease would generally be taxed at a new, lower rate. The specific tax rate depends on the language of the contract and applicable district tax rate.

What is the date of sale?

A sale occurs when a customer takes title to or possession of an item. (Not when payment is received.) Consequently, sales are generally subject to the applicable tax rate in effect when the title transfers to the customer.

How is the rate of the partial state tax exemptions affected?

On July 1, 2011, the partial state tax exemption rate decreased from 6.25 percent to 5.25 percent for qualifying sales of the following:

- Teleproduction or other postproduction service equipment
- Farm equipment and machinery
- Diesel fuel used in farming activities or food processing
- Timber harvesting equipment and machinery
- Racehorse breeding stock

How do I obtain new tax rate charts?

The BOE-180, *Sales Tax Reimbursement Schedules*, for transactions up to \$100, are available at www.boe.ca.gov/sutax/streimsched.htm.

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How do I receive future notices via email?

By maintaining your account email address, we can send you periodic notices and updates which are specific to you or your business in a timely and cost efficient manner. You may add or update your account email address when you log-in as a registered eClient and select the Maintain Your Sales and Use Tax Account link. To register or to log-in as an eClient, begin by selecting the eServices tab at www.boe.ca.gov. You may also complete and send to us [BOE-345-WEB](#), *Notice of Business Change*.

How can I get more information?

Please visit our website at 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.

New district tax rate to take effect on October 1, 2011

Voters in the City of Mount Shasta in Siskiyou County have approved a new 0.25 percent transactions (sales) and use tax (district tax) that is effective October 1, 2011. The new rate applies only within the incorporated city limits. The tax rate outside the incorporated city limits will remain the same.

Sales and Use Tax Rate effective October 1, 2011

Mount Shasta (MTSH/266)

County

Siskiyou

Rate

7.50

Do you need assistance determining whether an address is within city limits?

Some cities have developed a database to help you identify addresses located within special taxing jurisdictions. In cooperation with these cities, our website contains links to their address databases (www.boe.ca.gov/sutax/cityaddresses.htm). If you have questions about the addresses, you should contact the cities directly.

Our website also includes a link to a free sales and use tax rate locator (www.geotax.com) that allows you to determine a tax rate for any address in the state. We provide the GeoTax link only as a public service. We do not maintain the website and are not responsible for the content or accuracy of the information shown on that site.

For more information

The City and County Tax Rates page (www.boe.ca.gov/sutax/pam71.htm) on our website contains additional information regarding tax rates and district taxes. For a complete listing of California tax rates, you may also refer to [publication 71](#), *California City and County Sales and Use Tax Rates*. For information on district taxes, please refer to [publication 44](#), *District Taxes*, and [publication 105](#), *District Taxes and Delivered Sales*. You can download these publications from our website.

Deal-of-the-day instruments

Internet-based companies (for example, Groupon or Living Social) typically offer deal-of-the-day instruments for sale on their website. The deal-of-the-day often features a coupon that can be redeemed at local or national companies. Customers generally purchase deal-of-the-day instruments at a discounted price which allows them to purchase a set amount of products and services.

Retailers often engage in marketing and sales programs in which they issue coupons that entitle their customers to a discounted price for products sold by the retailer. Deal-of-the-day instruments (coupons) fall within this category. In general, tax applies to the amount paid by the customer for the deal-of-the-day instrument plus any additional cash, credit, or other consideration required to be paid when the product is purchased.

For example: An Internet-based company advertises a deal-of-the-day offer for a \$100 tennis racquet for \$50. A customer pays \$50 for the coupon. The customer then redeems the coupon for the tennis racket and pays no additional amount for the tennis racquet other than the amount for sales tax. The amount subject to tax is \$50, which equals the amount paid for the coupon.

For example: An Internet-based company advertises a deal-of-the-day offer for \$105 worth of custom picture framing for \$50. A customer pays \$50 for the coupon. The customer redeems the coupon for a custom frame priced at \$120. The amount subject to tax is \$65, which equals the amount paid for the coupon (\$50) plus the additional \$15 required to be paid to purchase the custom picture frame.

In general, if the type of sale is normally not subject to tax, then tax would not apply to the sale when the coupon is used by the customer. Common sales that are generally not subject to sales tax include sales of services (such as cleaning or cosmetology), sales

of cold food to go (such as ice cream), and a charge for admission to an event (such as entertainment and sports events).

For further information, please refer to [Regulation 1671.1](#), *Discounts, Coupons, Rebates, and Other Incentives*.

Sales tax does not apply to certain city and county paper bag surcharges

Some cities and counties have enacted ordinances that generally prohibit certain retailers from providing plastic bags to customers. In addition to the ban on providing plastic bags, under certain ordinances, the customer is generally required to pay the retailer a specific amount for each paper bag the customer is provided. These ordinances typically impose the charge upon the customer. Some of these ordinances specifically require that the retailer indicate on the customer's receipt the number of paper bags provided and the total amount charged for the paper bags.

Under these circumstances, this charge is imposed by the local jurisdiction upon the customer, not the retailer. As such, this charge is not included in the retailer's gross receipts and is not subject to sales or use tax.

For information on a particular ordinance and its effective date, please contact the respective city or county public works department.

Sales to American Indian purchasers

Sales tax generally applies to sales by retailers to Indian purchasers. However, if all of the following conditions are met, the sale may qualify as exempt from sales tax:

- The retailer transfers ownership of the merchandise to an Indian purchaser in Indian country,
- The retailer delivers the merchandise in Indian country, and
- The Indian purchaser lives in Indian country.

For a sale to qualify as a transfer of ownership on a reservation, the contract of sale cannot transfer ownership of the merchandise to the Indian purchaser before the merchandise is delivered in Indian country and the Indian purchaser cannot take possession of the merchandise before delivery to the reservation. Typically, the merchandise generally will be delivered by facilities of the retailer. However, if the merchandise is delivered by a common carrier, the contract of sale must include a title clause indicating the title to the property transfers to the Indian purchaser in Indian country coupled with a F.O.B. destination statement (for example F.O.B. name of Indian reservation. If any of the above requirements are not met, the sale is subject to sales tax.

Assuming all other requirements for the exemption are met as provided above, sales to an Indian couple may qualify for the same exemption as a sale to an individual Indian. An Indian couple may consist of a married couple or registered domestic partnership that consists of two Indians or of an Indian and a non-Indian.

For additional information regarding the proper application of tax on transactions involving Indians, please see [publication 146](#), *Sales to American Indians and Sales in Indian Country*.

“Self help” refunds not allowed

Many taxpayers mistakenly believe taxes they have overpaid on a prior return can be refunded by lowering the declared tax on a later return. By taking a “self help” refund, your next return period is underreported. If you take a credit on a current return before we approve a claim for refund, the BOE will bill you for the balance due with the return, plus applicable penalty and interest.

You must send us a written claim for refund. You can use a [BOE-101](#), *Claim for Refund or Credit*, or send us a letter. Your claim must state all of the following:

- The specific reasons you paid too much tax.
- The excess tax amount you paid, if you know it. If you're not yet sure of the amount, you may file for an unspecified amount. If you can, please break down your total overpayment into state, local, and district tax amounts (specify the district or districts).
- The reporting period or periods for which you paid too much tax. Your claim can cover more than one reporting period.

You must sign and date your claim. Please include your phone number so that we can contact you if we have questions or need more information.

[Publication 117](#), *Filing a Claim for Refund*, is available on our website for more information on the refund process.

Foreign consuls identification cards

Beginning June 16, 2011, through August 31, 2011, the Department of State, Office of Foreign Missions (OFM) is issuing newly-designed tax-exempt identification cards to qualifying diplomats, consular missions, and their employees and family members residing in the United States. The OFM has made significant changes to the design of the Diplomatic Tax Exemption Card.

The newly-designed cards incorporate security features which include, but are not limited to:

- The use of animal images native to North America,
- The description of the cardholder's level of entitlement,
- Laser engraved personal data,
- An optically variable device, and
- Raised micro-text.

Along with the visual changes, the Department of State has instituted an online service to verify the cards at <https://ofmapps.state.gov/tecv/>. The cards contain the information on this online service as well as a telephone contact number, 202-895-3500 x2 for additional customer service.

Be sure BOE has your current email address

In BOE's efforts to be greener and more cost effective, information like tax rate changes, newsletters, tax and fee updates, public meeting agendas, and announcements, will only be available electronically.

If the BOE does not have your account's email address, then you may not receive important information that could affect your business.

If you are a registered eClient, you can make changes to your email by logging in with your user ID and password. You can also fill out a [BOE-345-WEB, Notice of Business Change](#), to add or update an email address. You can subscribe to our email BOE Updates on our website and receive all the latest BOE news on a monthly basis.

Civil behavior in trying times

We know that you may find yourself frustrated with the difficulties of the tax law or pressed for time when dealing with our staff. Still, we ask that you treat our employees just as you would like to be treated in a business situation. Any statement or gesture made to a BOE employee that seems like a threat—even a statement made in jest—will be referred to our Internal Security and Audit Division for investigation.

Ethics at work—“thank you” is enough

We'd like to remind you that BOE policy generally prevents our employees from accepting gifts of any type. So if you're grateful to someone for going the extra mile to help you with a complicated issue, a simple “thank you” will do. You can also use our online Customer Service Survey form at www.boe.ca.gov/info/survey.htm to express yourself.

More articles available online!

There are occasions when we have more articles than we have space for in this print version of the Tax Information Bulletin. The additional articles are available online at www.boe.ca.gov/news/tib11.htm. This issue's supplemental articles are: Salvaged vehicles sold by non dealers, Natural gas consumption from interstate pipelines, Retailers of cigarette and tobacco products - transfers between multiple locations, and new and revised publications April-July 2011.

For More Information

All telephone numbers are toll-free.

Internet

www.boe.ca.gov
www.taxes.ca.gov

Taxpayer Information Section

800-400-7115 (TTY:711)

Requests for Fax Copies

800-400-7115
(Choose automated services)

Seller's Permit Verification

888-225-5263
www.boe.ca.gov

Taxpayers' Rights Advocate

888-324-2798
www.boe.ca.gov

Tax Evasion Hotline

888-334-3300

State Legislation

www.leginfo.ca.gov/bilinfo.html

California State
Board of Equalization
PO Box 942879
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