



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

TAXPAYERS' RIGHTS ADVOCATE OFFICE MIC: 70
450 N STREET, SACRAMENTO, CALIFORNIA 95814-0070
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0070
916-324-2798 • FAX 916-323-3319
TOLL-FREE 888-324-2798
www.boe.ca.gov

SEN. GEORGE RUNNER (RET.)
First District, Lancaster

FIONA MA, CPA
Second District, San Francisco

JEROME E. HORTON
Third District, Los Angeles County

DIANE L. HARKEY
Fourth District, Orange County

BETTY T. YEE
State Controller

DAVID J. GAU
Executive Director

August 22, 2016

Mr. Gene Christopher

Dear Mr. Christopher:

Thank you for your participation in the Board of Equalization's (BOE's) May 24 Business Taxpayers' Bill of Rights Hearings held in Sacramento. I appreciate you taking the time to explain your concerns regarding the application of tax to repair labor and the application of tax to sales of meals by service clubs.

You expressed a concern regarding paying sales tax on charges to repair window screens. You have stated that you are not seeking a refund but only brought this to the BOE's attention because you believe a retailer is erroneously collecting sales tax. Thank you for the information and for providing a copy of your receipt for the window screen repairs. It has been forwarded to the BOE's audit department for further investigation with the retailer.

Your second area of concern was in regard to sales of meals by service clubs. Sales tax applies to the sales of food and beverages by social clubs and fraternal organizations unless the following conditions apply:

- You sell meals, food and beverages exclusively to your members. Items paid for by members but consumed by guests are considered sold to members.
- You make these sales less than once a week.

You may find BOE publication 18, *Nonprofit Organizations*, helpful in explaining how the law applies to sales by service clubs. Publication 18 may be viewed or downloaded from the BOE website, www.boe.ca.gov – enter “publication 18” in the search box. Information pertaining to service clubs can be found in the “Social Clubs and Fraternal Organizations” chapter.

Thank you again for sharing your ideas and concerns as part of the annual hearing process. If you have any further questions about this matter, please do not hesitate to contact me at 1-916-324-2798. You may also contact Ms. Natalie Capehart at 1-916-324-2681.

Sincerely,

Todd C. Gilman, Chief
Taxpayers' Rights and
Equal Employment Opportunity Division

TCG: nc

Christopher response 082216.docx

cc: Honorable Fiona Ma, CPA, Chairwoman
Honorable Diane L. Harkey, Vice Chair
Honorable George Runner, First District
Honorable Jerome E. Horton, Third District
Honorable Betty T. Yee, State Controller
Ms. Yvette Stowers, Deputy State Controller
Ms. Genevieve Jopanda, Member's Office, Second District
Mr. Russell Lowery, Member's Office, Fourth District
Mr. Jordan Marks, Member's Office, Fourth District
Ms. Lisa Renati, Member's Office, Fourth District
Mr. Sean Wallentine, Member's Office, First District
Ms. Michele Brown, Member's Office, First District
Mr. Brian Wiggins, Member's Office, First District
Ms. Kari Hammond, Member's Office, Third District
Mr. David Gau, Executive Director (MIC 73)
Ms. Amy Kelly, Acting Chief Counsel (MIC 83)
Ms. Susanne Buehler, Deputy Director, Business Tax and Fee Department (MIC 43)
Ms. Joann Richmond, Chief, Board Proceedings Division (MIC 80)
Mr. Robert Tucker, Assistant Chief Counsel, Tax and Fee Programs Division (MIC 82)
Mr. Richard Parrott, Chief, Special Taxes Policy & Compliance Division (MIC 57)
Mr. Kevin Hanks, Chief, Headquarters Operations Division (MIC 49)
Mr. Wayne Mashihara, Deputy Director, Field Operations Department (MIC 47)
Chief, Tax Policy Division (MIC 92)
Mr. Dan Leddy, Manager, Taxpayers' Rights Advocate Office (MIC 70)
Ms. Lauren Simpson, Technical Advisor to the Advocate (MIC 70)
Ms. Natalie Capehart, Taxpayers' Rights Advocate Office (MIC 70)