



**For Immediate Release**  
**February 16, 2012**

**Contact:** NR 18-12-S  
**Arie Dana**  
**310-377-6313**

## **Michelle Steel Reminds Taxpayers to Check if They Owe Use Tax Before Using the BOE’s Use Tax Lookup Table**

### **New Lookup Table Makes Estimating Easy, But Could Lead to Overpayment**

**Irvine** - Now that most Californians have received their tax materials and are getting ready to file their 2011 personal income tax returns, Michelle Steel, Vice Chair of the Board of Equalization (BOE), wants to remind taxpayers to check if they owe “use tax” on purchases made from out-of-state online and mail order retailers before using the Use Tax Lookup Table provided with their income tax returns.

In 2011, the State Legislature passed a law requiring the State Board of Equalization and Franchise Tax Board to create a Use Tax Lookup Table. Californians will find the table included in the instructions that accompany tax Forms 540, 540A, and 540 2EZ.

“The lookup table provides an estimate of use tax, based on California Adjusted Gross Income, on any number of non-business purchases less than \$1,000 each,” said Steel. “However, it is important to remember that use tax is not owed on a percentage of income, but on actual purchases for which sales tax was not collected.”

#### **What is “use tax”?**

The use tax, the counterpart to the sales tax, has been the law since 1935. Use tax is owed on purchases made out-of-state when the sales tax was not collected by a registered retailer. Use tax is generally due on purchases made through mail-order or Internet retailers. Generally, the use tax rate is equal to your local sales tax rate.

Steel added: “While all Californians have an obligation to pay use tax, they should not pay more than they actually owe.

“Though the *Use Tax Lookup Table* may make it easier for some taxpayers to report use tax due, it could also cause some taxpayers to inadvertently overpay their use tax liabilities, and trap taxpayers who have not made untaxed purchases in the last year into reporting estimated use tax that they do not owe.

**Use Tax Lookup Table**

<b>CA Adjusted Gross Income (AGI) Range</b>	<b>Use Tax Liability</b>
Less Than \$20,000	\$7
\$20,000 to \$39,999	\$21
\$40,000 to \$59,999	\$35
\$60,000 to \$79,999	\$49
\$80,000 to \$99,999	\$63
\$100,000 to \$149,999	\$88
\$150,000 to \$199,999	\$123
More Than \$199,999	Multiply AGI by 0.070% (0.0007)

- more -

“Before using the lookup table, taxpayers should check their receipts and invoices to see if sales or use tax was collected at the time of sale. Taxpayers should also look for other indications that there is no use tax obligation, or that it has been taken care of, for example a notation that an item was shipped from within the state, or an invoice or statement that California tax requirements have been met.”

For more information on sales and use tax rates, visit [www.boe.ca.gov/sutax/pam71.htm](http://www.boe.ca.gov/sutax/pam71.htm), or call us at 800-400-7115.

Use Tax Look Look-Up Table: <http://www.boe.ca.gov/pdf/2011UseTaxTable.pdf>.

Use Tax Frequently Asked Questions: <http://www.boe.ca.gov/sutax/fausetax.htm>.

\* \* \* \* \*

Elected to the Board of Equalization in 2006 and re-elected in 2010, Michelle Steel serves as *Southern California's elected taxpayer advocate*. In December 2007, Steel discovered the Board of Equalization had delayed the return of millions of dollars in security deposits owed to California businesses. Procedures were changed due to Steel's decisive leadership. Following her investigation, the tax agency refunded tax security deposits to over 5,500 small businesses. To date, over \$100 million in security deposits have been returned to taxpayers.

The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects more than \$50 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit [www.taxes.ca.gov](http://www.taxes.ca.gov).

###