



State Board of Equalization

News Release

Vice Chair Michelle Steel

3rd District – Orange County

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For Immediate Release
November 15, 2013

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Cyber Shoppers – Check Your Receipts! You May Owe Use Tax

Sacramento – Cyber Monday is around the corner, and with plenty of great deals on the Internet, Michelle Steel, Vice Chair of the Board of Equalization, reminds holiday shoppers to carefully check their receipts because they may owe use tax on their purchases.

(Videos, graphics, and other resources are available on this [interactive news release](#).)

Use tax is like sales tax, and is charged on purchases made from out-of-state retailers on items that are used, stored, or consumed in California. If someone buys taxable items (e.g. books, electronic equipment, and toys) from any out-of-state seller and is not charged tax, the buyer is responsible for paying use tax. The easiest way to know if you may owe use tax is to review your receipt to see if you were charged sales tax.

Example:

SUBTOTAL (3 ITEMS)	\$69.95
SHIPPING	FREE
 If you didn't pay California tax here then you likely owe use tax	\$0
GRAND TOTAL	\$69.95

“Now that certain online retailers are required to collect California sales tax, it is especially important that consumers save their receipts and invoices to see if sales or use tax was collected at the time of sale,” said Ms. Steel. “Consumers 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.”

If consumers do not see a line item for the sales tax charged on their bills when making these purchases, they may be responsible for paying the use tax on their own, based on the [tax rate](#) for the area in which they live.

The use tax is not an Internet tax. Use tax has been the law since 1935.

Last year, businesses and California residents paid more than \$3.9 billion in use tax. However, BOE estimates that more than \$1 billion may go unpaid each year.

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It is easy to calculate and pay any use tax owed. The BOE provides three easy ways:

- Use the ePay Mobile App on an [Apple](#) or [Android](#) smartphone – the application calculates what you may owe;
- Register and pay on the [BOE website](#);
- Report on your California state income tax forms: estimate the tax owed with the BOE’s [Use Tax Lookup Table](#), or save your receipts and pay the exact amount owed.

Vice Chair Steel reminds taxpayers to be careful not to overpay their use tax if they choose to use the lookup table. The lookup table calculates use tax liabilities based on adjusted gross income. However, “the amount of use tax owed is not a percentage of income, but of taxable purchases for which sales tax was not collected,” said Steel. “While all Californians have an obligation to pay use tax if they owe it, they do not have to estimate an amount that is greater than what they actually owe.”

Consumers or business owners with questions about use tax can visit www.boe.ca.gov or call the BOE Customer Service Center at 1-800-400-7115.

***Editor’s Note** – Watch the BOE’s informative [Gift Buying Use Tax](#) video on your website. It is available for use in your publications, websites, and news reports.*

For more information about Use Tax, visit the BOE’s [media resource webpage](#).

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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 \$52.5 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.

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