



STATE BOARD OF EQUALIZATION
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Special Notice Custom Resale Certificate for the Auto Body Repair and Painting Industry

To help sellers of auto body repair and painting items properly document their sales for resale, we have worked with industry representatives to develop an industry-specific resale certificate (see reverse). Regulation 1668, *Resale Certificates*, has been amended to incorporate this certificate. The new certificate, or one substantially like it, should be used for sales to auto body repair and paint shops. Buyers of auto body repair and painting items can expect to see their suppliers use these certificates in the near future.

Why are resale certificates important?

Accepting a properly completed resale certificate in a timely manner and in good faith relieves the seller of liability for the sales tax while allowing the buyer to purchase the listed items for resale. The certificates must contain sufficient detail about the items being purchased to support the transaction as a valid sale for resale. If we audit a seller's records and find unsupported sales for resale, the seller will be liable for the tax on these sales. Similarly, if we find that a buyer has purchased items for resale but used them for another purpose, the buyer will owe tax on the purchase of these items.

Why should I use the industry-specific certificate for my sales for resale?

Although you are not required to use the new certificate, there are advantages:

- You should be able to accept the specific certificate without modification and have better assurance that your sales for resale are properly documented and less likely to be disqualified in an audit.
- The certificate lists common industry items that generally can be purchased for resale, such as paint, body parts, electrical tape, and putties. It also lists items used in the repair or painting process that generally may *not* be purchased for resale because they do not become a physical part of the vehicle or other final product sold (example includes masking tape and tools). But some buyers *do* resell those items, so the certificate was designed to take that into account. When a buyer purchases such an item *exclusively* for resale, your sale of the item is not taxable provided the buyer lists the item on the "Other" line and initials next to the line.

Is there anything else I need to know about accepting the new certificates?

As always, a resale certificate must be accepted in a timely manner and in good faith. The certificate must be *properly completed, initialed, signed, and dated*. Please note that buyers must *initial* next to all items to be purchased for resale. Check marks and Xs are not acceptable.

Example: rw Automobile parts *not* X Automobile parts

If you begin to use the new certificates to document your sales for resale, be sure to retain your customers' old certificates for at least four years from the date of the new certificates.

Please note: We are sending you this sample certificate for use in your business. Do not send completed copies back to us.

Where can I get the specific resale certificates?

You can order copies of new form BOE-230A, *Resale Certificate for the Auto Body Repair and Painting Industry*, from our Information Center (1-800-400-7115) or download a copy from the Internet (www.boe.ca.gov). You may also photocopy the reverse of this notice. If you buy commercially printed certificates, please make sure they include *all* of the elements shown in the sample on the reverse.

For more information

Call our Information Center: 1-800-400-7115. Staff can take your calls weekdays from 8:00 a.m. to 5:00 p.m., except State holidays.

**RESALE CERTIFICATE FOR THE
AUTO BODY REPAIR AND PAINTING INDUSTRY**

I HEREBY CERTIFY:

1. I hold valid California seller's permit no. _____.
2. I am engaged in the business of selling the following type of property: _____.
3. This certificate is for the purchase from _____ of the item(s) I have **initialed** in paragraph 5 below.
(vendor's name)
4. I will resell the following item(s) I am purchasing under this resale certificate in the form of tangible personal property in the regular course of my business operations, and I will do so prior to making any use of the item(s) other than demonstration and display while holding the item(s) for sale in the regular course of my business. I understand that if I use the item(s) purchased under this certificate in any manner other than as just described, **I will owe use tax** based on each item's purchase price or as otherwise provided by law.
5. I am purchasing for resale under this resale certificate the item(s) indicated by my **initials** below (**not** an X or similar mark):

_____ Automobile parts	_____ Fisheye eliminator	_____ Polishes/Wax	_____ Sealers
_____ Clear Coats	_____ Glues/Adhesives	_____ Primers	
_____ Electrical Tape	_____ Hardeners	_____ Putties	
_____ Fillers	_____ Paints	_____ Rust Protectors	
_____ Other <i>(specify items)</i>			

6. I have read and understand the following:

Note: Auto body repair and paint shops are generally considered consumers of the items listed below regardless of the manner in which they bill their customers for repairs and painting. Thus, this certificate generally may **not** be used to purchase these items. If a person does, in fact, resell any of the following items prior to use, the person may take a deduction on his or her sales and use tax return to offset the amount paid as tax (the deduction is taken under "Tax-paid purchases resold"). If, however, a person is purchasing one of these items exclusively for resale in the form of tangible personal property and not for consumption during repairs, painting, or the like, this certificate may be used to purchase such item by listing it under "Other" above.

Abrasives	Equipment repair parts	Masks	Reducers
Books	Goggles	Metal conditioners	Respirators
Cans	Hand cleaners	Paint remover	Rubbing compounds
Cleaning solvent	Manuals	Plastic bottles	Rubbing machines
Color charts	Masking paper	Polishing compounds	Thinners
Equipment	Masking tape	Polishing machines	Touch-up bottles

7. I have read and understanding the following:

For Your Information: A person may be guilty of a misdemeanor under Revenue and Taxation Code section 6094.5 if the purchaser knows at the time of purchase that he or she will not resell the purchased item prior to any use (other than retention, demonstration, or display while holding it for resale) and he or she furnishes a resale certificate to avoid payment to the seller of an amount as tax. Additionally, a person misusing a resale certificate for personal gain or to evade the payment of tax is liable, for each purchase, for the tax that would have been due, plus a penalty of 10 percent of the tax or \$500, whichever is more.

NAME OF PURCHASER	TELEPHONE NUMBER
SIGNATURE OF PURCHASER, PURCHASER'S EMPLOYEE, OR AUTHORIZED REPRESENTATIVE	DATE
PRINTED NAME OF PERSON SIGNING	TITLE
ADDRESS OF PURCHASER	