

TAX INFORMATION BULLETIN



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www.boe.ca.gov

New district tax rate to take effect on October 1, 2013

Voters in the City of San Fernando within the County of Los Angeles approved a new district tax that is effective October 1, 2013. The new rate applies only within the city's incorporated limits. The tax rate outside the incorporated city limit will remain the same.

Sales and Use Tax Rate effective October 1, 2013

CITY	NEW CODE	NEW ACRONYM	OLD RATE	NEW RATE
City of San Fernando	348	SNFE	9.00%	9.50%

Make sure your email address is on your account to receive notice whenever a tax change occurs

The Board of Equalization (BOE) emails special notices to accounts with an email address to notify them whenever a rate change occurs. If you have not been receiving these, contact us at www.boe.ca.gov/info/email.html to add your email address to your account.

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. The GeoTax link is provided as a public service. However, BOE does not maintain the website and is not responsible for the content or accuracy of the information shown on that site.

For More Information

For a complete listing of California tax rates and additional information, refer to [California City & County Sales & Use Tax Rates](#). Also, for information on district taxes, please refer to [publication 44, District Taxes](#), and [publication 105, District Taxes and Delivered Sales](#). You can download or order a copy of the publications from our website or call our Customer Service Center at 1-800-400-7115.

Mobile food vendors

Mobile food vendors include those who operate food trucks, stands, or carts that do not have a fixed physical location. If you are a mobile food vendor you are required to register with us, file sales and use tax returns, and to maintain books and records that are adequate for sales and use tax purposes.

You can register electronically for a seller's permit using our online registration, available at www.boe.ca.gov/electsrv/ereg/index.html.

The location of where you make your sales is especially important as it pertains to the tax rate on your food sales. Our [Tax Guide For Caterers](#) states, "Mobile food vendors are subject to the same tax reporting requirements as brick-and-mortar restaurants, but should pay sales or use taxes at the rate in effect at the location where the sale is made." [California City & County Sales & Use Tax Rates](#), has an up-to-date listing of sales and use tax rates.

For more details, please refer to [Regulation 1603, Taxable Sales of Food Products](#), or contact our Customer Service Center at 1-800-400-7115.

BOARD MEMBERS

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Coming soon: online Cigarette and Tobacco Products License renewal

The BOE is pleased to announce a new online license renewal process for cigarette and tobacco products retailers, manufacturers, importers, wholesalers, and distributors. This new process will improve the efficiency of the BOE programs and eliminate the use of paper renewal forms. The online renewal process is scheduled to be available in early 2014. Once the new process is implemented, you will be required to electronically renew your license. For updates, visit our website at www.boe.ca.gov. More information will be available in the December 2013 issue of the *Cigarette and Tobacco Products Newsletter*.

Ensure™ food products and nutritional supplements

When buying products, such as Ensure™, it is important to read the label to help determine if it is a food product or a food supplement. Changes made to a product label can result in sales of the product being subject to tax or not. The label may describe it as helping remedy specific dietary deficiencies or improving your health. The details of the labeling, in addition to the form of the product, are what we use to determine if an item qualifies as a food product or food supplement. When we determine whether a product is a food supplement or adjunct, we also take into consideration the calories, proteins, minerals, and caloric intake.

Sales tax applies to sales of products that are:

- In liquid, powdered, granular, tablet capsule, lozenge, or pill form, and
- Described on its label or package as a food supplement, food adjunct, dietary supplement or dietary adjunct, or
- Prescribed or designed to remedy specific dietary deficiencies or to increase or decrease generally those areas of human nutrition dealing with vitamins, proteins, minerals or calories.

The products, Ensure™, Ensure Plus™, and Glucerna™, are not currently taxable because their labels meet the definition of a nontaxable food product. However, Ensure Bone Health™, Ensure Immune Health™, Ensure Muscle Health™, and Ensure High Protein™ are subject to tax because the products are food supplements.

If you need help determining if an item is a food product or a food supplement, contact your local field office.

It is important to keep accurate and complete electronic records

As a taxpayer in California you can assist with the retrieval of your own electronic data while undergoing a sales and use tax audit to gain an accurate and efficient result. Most businesses from small to Fortune 500 companies have computerized accounting records available for download and review. There are numerous benefits for you as well as for the BOE in using electronic data while auditing. Performing a sales and use tax audit without electronic data can be quite a labor intensive and expensive process. The BOE utilizes a staff of Computer Audit Specialists as well as trained audit staff to review your electronic records. Our ability to do so often depends on the accuracy and completeness of your records. Having complete and accurate records increases efficiency during an audit and heightens the accuracy level of the audit findings. The goal of all BOE audits is to verify whether the correct amount of tax has been paid during the audit period. If you maintain complete and accurate records, your audit should take less time, be more accurate, and require fewer resources by your business and the BOE staff.

For further information, see [Regulation 1698, Records](#), [publication 116, Sales and Use Tax Records](#), and [publication 147, What to Expect in a Computer-Assisted Audit](#).

Electronic Benefit Transfer cards

The Electronic Benefit Transfer (EBT) program is an electronic funds transfer system similar to a “debit card” allowing recipients to purchase products that are approved through the government benefits program. Benefits may be paid by both federal and state/local governments. EBT has been implemented in all states since June of 2004.

Using the EBT card, under certain circumstances an individual can purchase hot meals from restaurants. Since the Food Stamp Restaurant Meals Program was created to sell hot meals using the federally sponsored EBT, the restaurants are making exempt sales to the United States government. Since the federal government reimburses the retailer for the EBT purchases, normally taxable items such as carbonated soft drinks and hot prepared meals, qualify as exempt sales to the United States government. Retailers are required to maintain evidence of payment from the United States government as well as segregate in their records sales to the federal government to support their claim to exemption.



On the other hand, if the State of California or local governmental entity reimburses the retailer for the EBT purchases, an exemption from tax does not apply. As such, sales of carbonated soft drinks and hot prepared meals remain subject to tax.

For additional information, visit our website at www.boe.ca.gov or contact our Customer Service Center at 1-800-400-7115.

Online payment plan

Taxpayer and feepayers will soon have the ability to request a payment plan for past due amounts through the BOE website. Payments will be withdrawn electronically through the taxpayers' or feepayers' checking or savings account. They will have the ability to propose weekly, biweekly, or monthly payments. The projected implementation of this service is scheduled for December 2013.

The BOE's new Centralized Revenue Opportunity System

The BOE recently released a Request for Proposal (RFP) for the Centralized Revenue Opportunity System (CROS). CROS will replace the legacy computer systems currently used by the BOE, with the objectives to improve the taxpayer experience, better detect fraud, and enhance internal operations.

Similar to the Franchise Tax Board's Enterprise Data to Revenue system, CROS will use a benefit-based procurement approach that pays the vendor based on a percentage of additional revenue collected.

While the release of the RFP is significant, the procurement is just a part of the strategy to replace our legacy systems. Rather than merely soliciting the services of a system integrator, the BOE is currently undertaking tasks commonly handled by contractors. In particular, we're taking on tasks that often pose challenges on large IT projects.

Traditionally, IT projects such as this one follow a two-step approach: procurement followed by implementation. A drawback to this approach is that problems that lead to higher costs and schedule overruns are only discovered well into implementation.

To combat this, the BOE's approach runs preimplementation activities in parallel to procurement. This approach enables the CROS team to uncover issues that commonly derail projects—poor data quality, lack of subject matter expertise, undocumented interfaces—early rather than later. Moreover, it gives state employees greater involvement in, and ownership of, the project, paving the way for the system integrator to build the target solution. Preimplementation activities include data cleansing, documenting business rules, cataloging and automating interfaces, and documenting ancillary systems that could impact project scope.

We expect that this approach will lower costs, mitigate risks, and accelerate progress. In-sourcing up front tasks facilitates organizational buy-in and initiates the cultural change needed to embrace a solution.

Our staff highlighted this approach and how it can help California safeguard success, when we addressed the General Assembly of the Government Technology Conference West on August 20, 2013, at the Sacramento Convention Center.

To learn more about the CROS project, please visit our webpage: www.boe.ca.gov/cros.

Know your rights

As a taxpayer, you have many rights under the law, including the right to:

- Receive information and assistance to help you comply with the law;
- Be treated fairly and courteously, and receive prompt service;
- Confidentiality;
- Appeal a decision or claim a refund as allowed by law; and
- Address your elected Board Members.

Of course, along with those rights, you have certain responsibilities, including the responsibility to:

- Keep informed about tax laws and regulations that affect your business;
- Report and pay taxes and fees when due;
- Promptly respond to BOE attempts to contact you;
- Inform the BOE of changes to your business ownership or address; and
- Maintain adequate records.

For more information you may order [publication 70](#), *Understanding Your Rights as a California Taxpayer*.



Civil behavior in trying times

We know you may become frustrated with the difficulties associated with the tax law or pressed for time when dealing with our staff. We understand how you are feeling and ask that you please remember to 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 Affairs Section for investigation.

New and revised publications January-July 2013

Sales to American Indians and Sales in Indian Country	Pub 146 01/13
Agricultural Industry	Pub 66 01/13
Board of Equalization Resource Guide to Free Tax Products and Services	Pub 51 01/13
Board of Equalization Resource Guide to Free Tax Products and Services (Chinese)	Pub 51-C 01/13
Board of Equalization Resource Guide to Free Tax Products and Services (Korean)	Pub 51-K 01/13
Board of Equalization Resource Guide to Free Tax Products and Services (Spanish)	Pub 51-S 01/13
Board of Equalization Resource Guide to Free Tax Products and Services (Vietnamese)	Pub 51-V 01/13
California Businesses: How to Identify California Use Tax Due (Chinese)	Pub 123-C 01/13
California Businesses: How to Identify California Use Tax Due (Vietnamese)	Pub 123-V 01/13
California Businesses: How to Identify and Report California Use Tax Due	Pub 123 01/13
California Businesses: How to Identify and Report California Use Tax Due (Korean)	Pub 123-K 01/13
California Businesses: How to Identify and Report California Use Tax Due (Spanish)	Pub 123-S 01/13
California City and County Sales and Use Tax Rates	Pub 71 01/13
California City and County Sales and Use Tax Rates (Chinese)	Pub 71-C 01/13
California City and County Sales and Use Tax Rates (Korean)	Pub 71-K 01/13
California City and County Sales and Use Tax Rates (Spanish)	Pub 71-S 01/13
California City and County Sales and Use Tax Rates (Vietnamese)	Pub 71-V 01/13
California Private Railroad Car Tax Law	Pub 8 01/13
District Taxes (Sales and Use Taxes)	Pub 44 01/13
District Taxes (Sales and Use Taxes) (Spanish)	Pub 44-S 01/13
District Taxes and Delivered Sales	Pub 105 01/13
District Taxes and Delivered Sales (Spanish)	Pub 105-S 01/13
Environmental Fee	Pub 90 01/13
Environmental Fee (Spanish)	Pub 90-S 01/13
Internet Auction Sales and Purchases	Pub 177 01/13
Lumber Products and Engineered Wood Products	Pub 256 01/13
Motor Vehicle Dealers	Pub 34 01/13
Photographers, Photo Finishers, and Film Processing Laboratories	Pub 68 01/13
Vending Machine Food Sales	Pub 118 01/13
Managed Audit Program	Pub 53 03/13
Mobilehomes & Factory-Built Housing	Pub 47 03/13
Auto Repair Garages and Service Stations	Pub 25 04/13
Auto Repair Garages and Service Stations (Spanish)	Pub 25-S 04/13
Nonprofit Organizations	Pub 18 04/13
Nonprofit Organizations (Spanish)	Pub 18-S 04/13
Credit Card Payment Guide	Pub 159-CCG 06/13
Warranties and Maintenance Agreements	Pub 119 07/13
Behind On Your Payment? What You Need To Know	Pub 54-A 08/13

For More Information

All telephone numbers are toll-free.

Internet

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

Customer Service Center

1-800-400-7115 (TTY:711)

Requests for Fax Copies

1-800-400-7115
(Choose automated services)

Seller's Permit Verification

1-888-225-5263
www.boe.ca.gov

Taxpayers' Rights Advocate

1-888-324-2798
www.boe.ca.gov

Tax Evasion Hotline

1-888-334-3300

State Legislation

www.leginfo.ca.gov/bilinfo.html

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Board of Equalization
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