

Interest, Penalties, and Fees

PUBLICATION 75 | NOVEMBER 2015

BOARD MEMBERS

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

PREFACE

This publication answers many of the questions asked about interest charges, penalty charges, and the collection cost recovery fee (CRF) that apply to sales and use taxes including examples where and why those charges apply. Information also is provided about how interest, penalty and CRF charges can be waived. Only the more common circumstances are discussed in this publication. If you need additional information, please call the Board of Equalization's (BOE) Customer Service Center at 1-800-400-7115.

Although the emphasis is on sales and use taxes, the information provided in this publication generally applies to other tax programs administered by us, such as hazardous waste fees, fuel taxes, and cigarette and alcoholic beverage taxes. However, there may be minor differences. If you have questions about these other programs, please contact our Customer Service Center.

We welcome your suggestions for improving this or any other publication. Please send your suggestions to:

Audit and Information Section, MIC:44
California State Board of Equalization
PO Box 942879
Sacramento, CA 94279-0044

To contact your Board Member, see www.boe.ca.gov/members/board.htm.

Please note: This publication summarizes the law and applicable regulations in effect when the publication was written, as noted on the cover. However, changes in the law or in regulations may have occurred since that time. If there is a conflict between the text in this publication and the law, the decision will be based on the law and not on this publication.

CONTENTS

<i>Section</i>	<i>Page</i>
Overview	1
When Do Interest, Penalty, and CRF Charges Apply?	3
Relief from Interest, Penalties, and CRF	10
Interest Paid on Refunds and Credits	13
For More Information	14

OVERVIEW

Situations that can result in interest and penalty charges

The reasons for interest and penalty charges vary. For example, you may be assessed penalty and interest charges if you:

- File a late return and/or make a late payment
- Do not include a payment or sufficient payment with your balance-due return
- Do not report tax on a taxable transaction
- Calculate tax at the incorrect rate
- Do not file a return
- Operate a business without the required BOE-issued permits or licenses
- Misuse a resale certificate or make sales without a valid permit
- Knowingly collect sales tax reimbursement or use tax (tax) and fail to pay the tax to us

These and other examples are discussed in more detail on the following pages.

Collection Cost Recovery Fee

The BOE is required by law to impose a collection cost recovery fee (CRF) on past due liabilities. The CRF is intended to cover costs incurred in obtaining payment of past due amounts and it applies to most tax and fee programs administered by us. You may be assessed a CRF if you:

- Do not pay your amount due in full within 90 days after the demand notice is issued
- Do not timely enter into a payment plan and successfully complete the terms of the agreement

How interest, penalty, and CRF charges are applied

Interest. The rate of interest applied to underpayments of taxes differs from the rate of interest paid on overpayments of taxes. The interest rate based on the rate charged by the Internal Revenue Service plus 3 percent applies to unpaid or underpaid taxes. Every January and July the rates are evaluated. A rate change, if required, takes effect six (6) months later and remains in effect for at least six (6) months. For the most current rate information, select interest rates at www.boe.ca.gov or call our Customer Service Center at 1-800-400-7115. We may waive interest charges under limited circumstances as explained under [Relief from Interest or Penalties, and CRF](#).

The “modified adjusted rate per annum” for underpayments and overpayments of taxes is established using the specific guidelines found in [Revenue and Taxation Code section 6591.5](#). The “modified adjusted rate per month or fraction thereof” means the “modified adjusted rate per annum” divided by 12. Accordingly, if the annual (annum) rate is 9 percent, the modified adjusted rate per month is .75 percent (9 percent divided by 12).

Interest is calculated on a per-month basis. That is, one month’s interest is charged for each month or fraction of a month that a payment is late. For example, if a payment is three days late, a full month’s interest is due. Or, if a payment is one month and three days late, two month’s interest is due.

Interest accumulates from the day after the date on which the amount of tax first became due, except in cases of failure to file a return and of BOE-determined deficiencies. In those cases, interest accumulates from the day after the last day of the month following the quarterly period for which the amount of tax should have been paid. Interest on refunds and credits accumulates from the first day of the month following the due date of the reporting period in which the overpayment was made.

Penalties. As explained on the following pages, the percentage amount depends on the type of penalty and whether more than one penalty applies.

Collection Cost Recovery Fee. The CRF applies to each final billing greater than \$250 that remains unpaid more than 90 days following the issuance of a demand notice. An amount due does not need to include tax for the CRF to be assessed; the CRF will apply even if only interest and/or penalty amounts remain due. If multiple liabilities exist for a specific reporting period, a separate CRF will be assessed for each amount due. However, a billing covering multiple reporting periods, such as an audit, will only be subject to one CRF. Interest, penalty, and additional CRF charges do not accrue on a CRF.

CRF rates are re-calculated and adjusted periodically to ensure the total CFRs assessed are equal to the collection costs incurred by us. Revised CRF rates will become effective on January 1 and will apply only to billing periods not previously assessed a CRF. For current fee amounts, please check our website at www.boe.ca.gov.

The CRF will not be assessed if you either pay your amount due in full or timely enter into a payment plan. You must successfully complete the terms of the IPA to avoid the CRF. If the IPA is terminated or cancelled, a CRF will be assessed based on the remaining balance of each amount due period that is more than 90 days past due and which has a balance greater than \$250.

WHEN DO INTEREST, PENALTY, AND CRF CHARGES APPLY?

Collection Cost Recovery Fee on past due amounts

The CRF applies to each final billing greater than \$250 that remains unpaid more than 90 days after the date a demand notice is issued. The CRF may only be imposed if we have mailed a demand notice to that person requiring payment and advising the person that continued failure to pay the amount due may result in collection action, including imposition of a CRF.

Late tax return filings and late payments

Please note: The following information does not apply to late prepayments.

Penalty charges. You are subject to:

- A 10 percent penalty if you do not file your tax return by its due date
- A 10 percent penalty if your tax payment is late

If you file a late return and make a late payment, your penalty will not exceed 10 percent of the amount of tax due for the reporting period

Example: You have a tax amount due of \$1,000 for the reporting period and file a late return and make a late tax payment. As noted above, a 10 percent penalty applies to each infraction. However, in this example, the total penalty amount due is limited to \$100 (10 percent of your total tax amount due).

Interest charges. If your payment is late, you will owe interest charges in addition to penalty charges. Interest is due for each month or fraction of a month the tax payment is overdue.

If you file your return late, we will automatically calculate your interest and penalty charges. If you are filing a late paper return with a late payment, you can determine and report the amount of interest due by using the interest rate shown at the bottom of your sales and use tax return (it will show a monthly rate that is based on the annual rate). If you file a late return and do not report the interest due, we will determine the amount and send you a bill.

Example: Your tax amount due is \$1,000 and payment is due on or before April 30. However, you do not make your tax payment until May 20, and the adjusted interest rate shown at the bottom of your tax return is .0075 (9% ÷ 12). To calculate interest, you would multiply \$1,000 x .0075 to arrive at the interest charge to be paid, which is \$7.50.

Assuming the same facts as above, except you did not submit your tax return until June 3. Now, you would owe twice the amount of interest, or \$15.00. The reason for this is that one month's interest is due for each month or fraction of a month that the payment is late. So, since the payment was delayed until June 3, you would owe one month's interest for May, plus one month's interest for the fraction of the month in June. Interest is not compounded.

What is a late filing or payment?

File a return. You must file your tax return and pay by the tax due date. If the due date falls on a Saturday, Sunday, or legal holiday, your return and payment will be considered timely if you file a return and pay by the next business day.

Additional information on filing is available in [publication 439, Online Services](#).

Mailed returns or payments. To be on time (timely), tax returns and payments mailed to us must be postmarked on or before the due date shown on the return. If the due date falls on a Saturday, Sunday, or legal holiday, returns postmarked by the next business day are considered on time.

Please note: If you use a commercial delivery service rather than the U.S. Postal Service, you will need to retain proof of the dates the items were sent.

Credit card payments. Your credit card payment must be completed prior to midnight Pacific time on the due date for the reporting period to be considered timely.

Electronic funds transfer (EFT) payments. If you are registered to pay your sales and use taxes by EFT, your payment must settle into our bank account by the first banking day following the tax due date. For more information, see [publication 159-EFT, Guide to Online Filing for EFT Accounts](#).

Late tax prepayments

This section applies to businesses that pay sales and use taxes on a “prepayment” basis (businesses with average monthly taxable sales of \$17,000 or more).

This section does not apply to wholesalers and suppliers who collect prepaid sales tax on distributions of fuel (please refer to your prepayment return, BOE-401-DB series, for information on interest and penalties).

Interest charges may or may not apply to late prepayments. However, penalty charges do apply.

Interest. Interest is generally not charged on late tax prepayments so long as the tax is paid by the due date for the quarterly return (see exception below). However, interest is charged on any tax payments for the quarter, including prepayments, if they are paid after the due date for the quarterly return. Interest is calculated from the date the quarterly return was due until the date it is paid. See [Late tax return filings and late payments](#) for an example of how interest is calculated.

Exception: You will be charged interest for a late prepayment if we grant you relief from any of the prepayment penalties listed below. Interest is charged from the date on which the prepayment was due until the date of payment. See [Relief from Interest, Penalties, and CRF](#), for information on how to request relief.

Penalties. A six (6) or ten (10) percent penalty will apply.

Six Percent. If a prepayment is made after the prepayment due date but before the due date for the quarterly return, a 6 percent penalty applies. This amount can be increased to 10 percent if we determine that the prepayment was late as the result of negligence or intentional disregard of the Sales and Use Tax Law or regulations (for example, a continued failure to file prepayments or a continued underreporting of prepayments).

If we determine that the 10 percent penalty for negligence or intentional disregard applies, we will mail a notice of deficiency determination to allow you an opportunity to dispute the penalty by filing a timely petition for redetermination. For instructions on how to file a petition for redetermination, please refer to [publication 17, Appeals Procedures Sales and Use Taxes and Special Taxes](#).

Ten Percent. A 10 percent penalty applies to taxes that are paid after the quarterly due date, including any tax prepayments made after the quarterly due date. If you have made prepayments for the reporting period and are late in your quarterly payment, the 10 percent penalty is based on your total tax amount due minus any payments, including prepayments that are made by the due date.

Failure to file a return

If it is determined that you should have filed a sales and use tax return but failed to do so, we will send a Notice of Determination (billing) indicating the amount you owe, including interest and penalty charges.

Interest. The interest charged for unpaid taxes is the same as that charged on taxes paid with returns that are filed late. See [Late tax return filings and late payments](#) for an example of an interest calculation.

Penalties. The penalty for failure to file a return is 10 percent of the tax amount that is due for each billing. An additional 25 percent penalty applies if the failure to file was due to fraud or intent to evade the Sales and Use Tax Law or regulations.

Failure to pay by EFT

The information in this section applies to businesses that are registered to pay taxes through electronic funds transfer.

If you are a mandatory participant in the EFT program and you do not pay through EFT but use another means (you pay by check, for example), you will be subject to a 10 percent penalty on the taxes that were incorrectly paid. You must make your tax payments by EFT unless we advise you in writing that you are no longer required to do so. Voluntary participants in the EFT program are not subject to penalties for failure to pay by EFT. However, if you are a voluntary EFT participant and you choose to pay by another means, you should consider withdrawing from the program.

Note—multiple penalties. If you are also subject to penalties for late filing and late payment, your penalty will not exceed 10 percent of the amount of tax due.

BOE billings

In some instances, an unpaid tax amount due will be discovered by our staff during an examination of your records. Our staff will determine the amount due and send you a bill. Interest and penalty charges may also apply to those billings.

Nonpayment or late payment of a billing

If we determine you owe tax, we will send you a Notice of Determination (billing). The billing will indicate the amount you owe, including interest, penalty and CRF charges (if applicable). The bill also explains your appeal rights.

If you do not pay the tax amount due by the due date on the notice (30 days from the date the billing was issued), an additional 10 percent penalty will apply to the amount of overdue tax unless you file a timely appeal, as explained in the Notice of Determination. Please refer to [publication 17, Appeals Procedures Sales and Use Taxes and Special Taxes](#), to file a timely appeal.

When we make a decision on your appeal, you will receive a *Notice of Redetermination*. If you do not pay the tax amount due by the due date for the redetermination (30 days from the date the notice was issued), a 10 percent penalty will apply to any unpaid tax amount due.

Interest continues to accrue on any unpaid tax whether or not an appeal is filed.

Negligence or fraud penalties

If we find that you did not report tax because of negligence or intentional disregard of the law, a 10 percent penalty will be added to the billing. If we find that the tax was not reported due to fraud or the intent to evade the law, a 25 percent penalty will be imposed (see [Use tax on motor vehicles, aircraft, mobile homes, vessels, and commercial coaches](#)).

40 percent penalty for failure to timely pay sales tax reimbursement or use tax collected from customers

A 40 percent penalty can apply if you collect sales and use tax but fail to pay it to us. We review each application to decide reasonable cause or uncontrollable circumstances if you fail to pay your taxes.

The penalty will not be assessed if any of the following apply:

- The unreported tax averages less than \$1,000 each month, or
- The unreported tax is less than 5 percent of the total tax due from that period.

- The failure to file and pay is because of reasonable cause or circumstances beyond your control, such as:
 - A death or serious illness in the immediate family.
 - A natural disaster or catastrophe directly affecting the business.
 - We sent tax returns to a wrong address.
 - You fail to make a timely payment only once over a three-year period, or once during the period in which you were engaged in business, whichever time period is shorter.
 - You voluntarily correct errors in paying sales tax or use tax collected and paid the amount due as a result of those errors prior to being contacted by us regarding possible errors or discrepancies.

The penalty applies when you knowingly collect tax and fail to timely pay the amounts owed to the state. If you have been penalized, you can request relief by proving reasonable cause or circumstances beyond your control that affected reporting tax. See [Relief from Interest, Penalties, and CRF](#).

Improper use of a resale certificate

As the holder of a seller's permit, you may issue a resale certificate to purchase property that you will resell in the regular course of business. If you issue a resale certificate timely and in good faith, the seller from whom you purchase the property will not charge you an amount for sales tax or use tax.

A violation may be considered a misdemeanor under [Revenue and Taxation Code Section 7153](#) if a resale certificate is provided with the intent to evade reporting or paying tax to the seller when purchasing property *which you know at the time of purchase will be used rather than resold*. Each offense is punishable by a fine of not less than \$1,000 and not more than \$5,000 or imprisonment not exceeding one year, or both the fine and imprisonment.

Interest. If you misuse a resale certificate, you will owe the tax that should have been paid, plus interest on that tax. Interest is calculated in the same manner as interest for taxes that are paid late. See [Late tax return filings and late payments](#) for an example of an interest calculation.

Penalties. The penalty for the improper use of a resale certificate is \$500 for each transaction or 10 percent of the amount of tax due, whichever is higher.

In addition, if you fail to report and pay use tax due on the use of the improperly purchased property, you may be liable for the 10 percent penalty for negligence or the 25 percent penalty for fraud.

For more information, please see [Regulation 1668, Sales for Resale](#).

Use tax on motor vehicles, aircraft, mobilehomes, vessels, and commercial coaches

In general, you will owe use tax if:

- You purchase one of the above items from someone who is not engaged in business as a seller of those items (from a private party, for example); and
- You use, store, or otherwise consume the property in this state.

If you owe use tax, you must file a return and payment with us unless you:

- Purchase a vehicle, undocumented vessel, or commercial coach that must be registered with the Department of Motor Vehicles (DMV). DMV will collect the use tax from you.
- Purchase a mobilehome that must be registered with the Department of Housing and Community Development (DHCD). DHCD will collect the use tax from you.

The due date for the use tax payment varies by the item and with whom it is registered. For information on due dates, please call our Customer Service Center at 1-800-400-7115.

Interest. You will owe interest on your use tax amount due if you:

- Pay less than the correct amount due (for example, you may have paid an incorrect amount because the purchase price was understated)
- Do not file a return (including failing to register with DMV or the DHCD)
- File a return but do not pay tax
- Make a late payment or file a late return

Interest is due for each month or fraction of a month the tax payment is overdue. If you paid less than the correct amount of tax when it was due, the interest applies only to the additional tax due. See [Late tax return filings and late payments](#) for an example of an interest calculation.

Penalties. One or more of the following penalties may apply to your use tax return and/or amount due:

- 10 percent for failing to file a return (including failing to register with DMV or the DHCD).
- 10 percent for late payment
- 10 percent for late filing of a return
- 10 percent for negligence
- 10 percent for failure to pay the correct amount of tax (the 10 percent would apply only to the additional tax due)
- 25 percent for fraud or evasion
- 50 percent for registering a vehicle, vessel, or aircraft outside California to evade payment of tax

Businesses operating without permits or licenses

You are required to obtain a seller's permit if you are engaged in business in California and intend to sell or lease items that are ordinarily subject to sales tax when sold at retail (even if you make no retail sales). If you do not obtain a valid seller's permit prior to the date in which the first tax return is due, you are subject to penalty and interest charges.

If a citation is issued the business owners will be required to appear in court and may be subject to fines up to \$5000 and/or one year in jail. Any back taxes, including penalty and interest, must also be paid. Other penalties may apply, such as those imposed by the Unfair Business Practices Act.

We may require other licenses or permits, depending on the nature of the business. For example, you will be required to hold a special cigarette and tobacco products license as well as a seller's permit, if you are a retailer of cigarettes and tobacco products.

Interest. The interest charged for unpaid taxes is the same as that charged for returns that are paid late. See [Late tax return filings and late payments](#) for an example of an interest calculation.

Penalties. You will be charged a 10 percent penalty on the taxes due for failing to file a return by its due date.

You could also be charged an additional 50 percent penalty if it is determined that, in order to evade tax, you knowingly failed to obtain a valid seller's permit prior to the date on which the first tax return was due. The 50 percent penalty applies to the taxes that should have been paid during the period you were engaged in business in California without a valid permit. If your taxable sales during the period averaged \$1,000 or less per month, the 50 percent penalty does not apply. The 50 percent penalty also does not apply to sales of vehicles, vessels, or aircraft if the transaction is subject to a 50 percent penalty for registering outside of California to evade payment of tax.

Please note: As provided in [Revenue and Taxation Code Section 6077\(a\)](#), retail florists who sell without a valid California seller's permit are subject to an additional penalty of \$500.

For information on the different tax and fee program requirements, please visit our website, www.boe.ca.gov, or call our Customer Service Center at 1-800-400-7115. You may also refer to [publication 73](#), *Your California Seller's Permit*, or [Regulation 1699](#), *Permits*.

Swap meets, flea markets, and special events

Operators of swap meets, flea markets, and other special events must prepare special reports and meet other requirements related to those events. Those operators who fail to comply with these requirements are subject to a penalty of \$1,000 per offense. For more information, please see [publication 111](#), *Operators of Swap Meets, Flea Markets and Special Events*, or contact your local field office.

Failure to participate in the amnesty program

From February 1, 2005, to March 31, 2005, the State of California offered an amnesty program for sales and use tax amounts due for tax reporting periods that started before January 1, 2003. In general, you were eligible for amnesty unless you were on notice of a criminal investigation or criminal court proceeding initiated against you as of February 1, 2005.

The amnesty program relieved you of unpaid penalty charges on amounts due reported and paid under the program. The program also required the BOE to impose additional penalties if you did not participate in the program (see next section).

Amnesty 50 percent interest penalty

This penalty is based on the unpaid tax amount as of March 31, 2005, and is equal to 50 percent of the interest on the unpaid tax from the day following the due date of the tax through March 31, 2005. The penalty applies if you:

- Qualified for amnesty but did not participate in the program; or
- Participated in the program, but understated your amount due; or
- Participated in the amnesty program, but failed to pay all the tax due or enter into an amnesty payment plan agreement by May 31, 2005.

Taxpayers are prohibited from obtaining a refund of the 50 percent interest penalty after it had been paid.

We may relieve you of penalties, including the amnesty penalties, if it determines you failed to make a timely return or payment due to reasonable cause and circumstances beyond your control. If your payment or return filing was late because of failure to exercise ordinary care or because of willful neglect, you will not be granted relief from the penalties. See [Relief from Interest, Penalties, and CRF](#). If you already paid the penalty for which you would like to request relief, you must file a claim for refund with us. See our [publication 117](#), *Filing a Claim for Refund*, for information about filing for a refund. The publication includes a [BOE-101](#), *Claim for Refund*, that you may complete and return to us. Our forms and publications can be found under the "Forms & Pubs" tab at www.boe.ca.gov.

Please note: Tax amounts due being paid on a payment plan agreement in place as of January 1, 2005, or being paid on an amnesty payment plan are not subject to the 50 percent interest penalty.

Amnesty double penalties

In addition to the 50 percent interest penalty, normally applicable penalties are doubled on unreported tax amounts due determined by us after March 31, 2005 (for periods that were eligible for amnesty). The amnesty 50 percent interest penalty is excluded from doubling.

Penalties imposed under the amnesty program may be relieved for circumstances beyond your control.

Sales suppression software programs and devices

It is a crime for anyone to knowingly, sell, purchase, install, transfer, or possess software programs or devices that are used to hide or remove sales and to falsify records.

Using these devices gives an unfair competitive advantage over business owners who comply with the law and pay their fair share of taxes and fees. Violators could face up to three years in county jail, fines of up to \$10,000, and will be required to pay all illegally withheld taxes, plus penalties including applicable interest and fees.

All Sales of Counterfeit Goods are Taxable

If a person is convicted in trafficking counterfeit goods, then all of their sales and purchases of those counterfeit goods will be considered taxable. This applies whether they are a manufacturer, wholesaler, distributor, or a retailer of the counterfeit goods. A person may no longer claim a resale deduction for the sale of counterfeit goods, and any purchases made of counterfeit goods for subsequent resale will also be taxable.

Counterfeit goods commonly refer to property with a counterfeit mark. In general terms, a counterfeit mark is a mark that is identical with or substantially indistinguishable from a mark registered with the United States Patent and Trademark Office. In California, it is illegal for any person to willfully manufacture, intentionally sell, or knowingly possess for sale, counterfeit goods.

The BOE may bill the convicted trafficker of counterfeit goods for unpaid sales or use tax within one year after the last day of the calendar month following the date of conviction. By billing convicted counterfeit goods traffickers, the BOE is discouraging the criminal sale of counterfeit goods and leveling the playing field for all businesses.

If you suspect counterfeit goods are being sold, please visit our [TRaCE Task Force](#) webpage. There, you will find information on how the BOE is teaming up with other agencies to combat illegal business activities and how to report a crime.

RELIEF FROM INTEREST, PENALTIES, AND CRF

It is possible to have interest, penalty charges, and/or CRF waived under limited circumstances. If one of the situations described below applies to you, contact our [Customer Service Center](#) for advice on how to claim the relief. *You may request relief from interest, penalty and/or CRF on our website at www.boe.ca.gov.*

Reliance on erroneous written advice

You may be relieved of tax, penalty, and interest charges due on a transaction if we determine that you failed to pay tax because you reasonably relied on erroneous written advice from us regarding the transaction. For this relief to apply, we must have received a written request for advice on the transaction, the request must have identified the taxpayer to whom the advice applied, and the writer must have fully described the facts and circumstances of the transaction. Our written reply must have advised the writer of the taxability of the transaction and the conditions that had to be met.

If this situation applies to you, please call our Customer Service Center at 1-800-400-7115 for information on how to file a claim for relief from payment.

Please note: Receiving erroneous verbal advice from a BOE employee does not relieve you of tax, penalty, or interest charges. Relief also does not apply if you rely on written advice that is given to a different person, even if your transactions are similar.

Late returns and payments as the result of a disaster

Interest and penalty charges can be waived for late tax returns and payments if they are submitted late because of a disaster. Disaster means fire, flood, storm, tidal wave, earthquake, or a similar public calamity, whether or not it results from natural causes.

If you are unable to file a return or make a tax payment on time because of a disaster, you must file a statement with us, under penalty of perjury, stating the facts upon which you are basing your claim for relief. You may request relief from interest, penalty and/or CRF on our website at www.boe.ca.gov.

Interest, penalty charges, or CRF cannot be waived if it is determined that the return or payment was willfully filed late or was late as the result of negligence.

Extensions of time

The law allows us, for good cause, to extend the due date for filing a tax return or for paying tax that is due. The request for the extension must be filed prior to or within the period for which the extension may be granted, and the extension cannot exceed one month.

If you are granted an extension of time to file your return and file it by the extended due date, there is no penalty for filing late. If you are granted an extension of time to pay your tax and pay it by the extended due date, there is no penalty for a late payment; however, you must pay interest during the extension period. Interest may be waived in cases of public disaster. See previous section.

Interest is charged for each month or fraction of a month that the return is submitted after the due date for the reporting period. See [Late tax return filings and late payments](#) for an example of how interest is calculated.

You may request an extension of time to file a tax return on our website at www.boe.ca.gov.

Circumstances beyond your control

You may apply for relief from penalty charges and/or CRF if, because of circumstances beyond your control, you:

- Are unable to file your return or make a tax payment on time.
- Are unable to make a payment by electronic funds transfer (applies to taxpayers who are required to pay by EFT).

We may relieve you of the penalty and/or CRF if we find that your failure to pay was due to reasonable cause and circumstances beyond your control and occurred notwithstanding the exercise of ordinary care and the absence of willful neglect. You may request relief on our website at www.boe.ca.gov.

Interest charges, however, cannot be waived (except in cases of disaster), see [Late payments as the result of a disaster](#).

If your payment or return filing was late because of failure to exercise ordinary care, because of willful neglect, or lack of funds, you will not be granted relief from the penalty or the CRF.

Late penalty imposed in error

If you made your payment by EFT on time but we show it was late, you may file a [BOE-129-EFT, EFT Transmission Declaration](#) (available at www.boe.ca.gov), stating that the payment in question was made on time.

If you file your return on time but our records indicate it was late, you may submit a Declaration of Timely Mailing under request relief on our website at www.boe.ca.gov.

If we conclude that the EFT transmission was on time or that you did mail your payment or return on time, we will correct our records to show that no late penalty or interest is due.

Corroborative evidence obtained by examination of your records or bank account may be required in some instances.

Errors or delays caused by the BOE or the DMV

For tax amounts due arising on or after July 1, 1999, interest may be waived if you did not pay your tax amount due to:

- An unreasonable error or delay by a BOE employee acting in an official capacity, or
- An error made by the DMV in calculating the use tax due on a vehicle or vessel registered with the DMV.

If you believe you are entitled to relief from interest charges for either of the reasons described above, you must file a statement with us, under penalty of perjury, stating the facts that apply. We will not grant a waiver of interest charges if it concludes a significant part of the error or delay was caused by your own actions.

Penalty charges and payment plans

As explained under BOE Determinations, a 10 percent penalty applies if you receive a billing (*a Notice of Determination or a Notice of Redetermination*) and do not pay the tax due within 30 days. However, the 10 percent late payment penalty will be waived if you qualify for, and enter into, a payment plan and complete the installment payments on time. A payment plan must be entered into within 45 days of the due date on the notice.

Please note: The 10 percent late penalty will not be waived if a billing includes a fraud penalty assessment.

Multiple penalties

If you have been assessed multiple penalties for a tax amount due—but were charged only 10 percent because of the limitations discussed under [When Do Interest and Penalty Charges Apply?](#)—your request for relief must explain the reason for delay for each penalty. That is, you must be granted relief for each penalty to avoid all penalty charges.

Reconsideration of a relief of penalty or CRF request

If your request for relief of penalty or CRF is denied, you may be able to request reconsideration of the denial.

You must submit your written request for reconsideration within 15 days of the date your relief request was denied to our staff representative that sent you the denial letter or to your nearest local field office. You should include in your request any new information to be considered.

INTEREST PAID ON REFUNDS AND CREDITS

We may pay interest on tax overpayments that are refunded or credited to your account.

If we determine that a tax, penalty, or interest payment exceeds the amount required by law, it will first credit the amount of the overpayment against any other tax or fee amounts due owed to the state. If an excess amount remains, that amount will be refunded (or credited) to the person who made the overpayment.

Interest, however, is not applied to overpayments if we determine that the overpayment was the result of carelessness or intentionally made. Also, if you request that we defer action on your claim for refund and we agree to do so, we may require that you waive interest for the period of time the refund is deferred.

Interest charged on refunds issued in error

If we issue a refund in error, we may recover the refunded amount. A billing to recover the excess refund will be mailed to you.

Please note: If we find that the erroneous refund was not caused by the person or any related party liable for payment of the tax, no interest will be charged until 30 days after we mail a billing. (The mere filing of a claim for refund is not considered a cause of the erroneous refund for these purposes.)

FOR MORE INFORMATION

For additional information or assistance with how the Sales and Use Tax Law applies to your business operations, please take advantage of the resources listed below.

CUSTOMER SERVICE CENTER

1-800-400-7115

TTY:711

Customer service representatives are available weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays. In addition to English, assistance is available in other languages.

FIELD OFFICES

City	Area Code	Number
Bakersfield	1-661	395-2880
Culver City	1-310	342-1000
El Centro	1-760	352-3431
Fairfield	1-707	427-4800
Fresno	1-559	440-5330
Glendale	1-818	543-4900
Irvine	1-949	440-3473
Norwalk	1-562	466-1694
Oakland	1-510	622-4100
Rancho Cucamonga	1-909	257-2900
Rancho Mirage	1-760	770-4828
Redding	1-530	224-4729
Riverside	1-951	680-6400
Sacramento	1-916	227-6700
Salinas	1-831	443-3003
San Diego	1-858	385-4700
San Francisco	1-415	356-6600
San Jose	1-408	277-1231
Santa Clarita	1-661	222-6000
Santa Rosa	1-707	576-2100
Ventura	1-805	677-2700
West Covina	1-626	480-7200

Out-of-State Field Offices

Chicago, IL	1-312	201-5300
Houston, TX	1-281	531-3450
New York, NY	1-212	697-4680
Sacramento, CA	1-916	227-6600

INTERNET

www.boe.ca.gov

You can log onto our website for additional information—such as laws, regulations, forms, publications, and policy manuals—that will help you understand how the law applies to your business.

You can also verify seller's permit numbers on the BOE website (look for "[Verify a Permit/License](#)") or call our toll-free automated verification service at 1-888-225-5263.

Multilingual versions of publications are available on our [website](#) at www.boe.ca.gov.

Another good resource—especially for starting businesses—is the California Tax Service Center at www.taxes.ca.gov.

FAXBACK SERVICE

Our faxback service, which allows you to order selected publications, forms, and regulations, is available 24 hours a day. Call 1-800-400-7115 and choose the fax option. We'll fax your selection to you within 24 hours.

TAX INFORMATION BULLETIN

The quarterly Tax Information Bulletin (TIB) includes articles on the application of law to specific types of transactions, announcements about new and revised publications, and other articles of interest. You can find current and archived TIBs on our website at www.boe.ca.gov/news/tibcont.htm. Sign up for our BOE updates email list and receive notification when the latest issue of the TIB has been posted to our website.

FREE CLASSES AND SEMINARS

Most of our statewide field offices offer free basic sales and use tax classes with some classes offered in other languages. Check the Sales and Use Tax Section on our website at www.boe.ca.gov for a [listing of classes and locations](#). You can also call your local field office for class information. We also offer [online seminars](#) including the Basic Sales and Use Tax tutorial and how to file your tax return that you can access on our website at any time. Some online seminars are also offered in other languages.

WRITTEN TAX ADVICE

For your protection, it is best to get tax advice in writing. You may be relieved of tax, penalty, or interest charges that are due on a transaction if we determine that we gave you incorrect written advice regarding the transaction and that you reasonably relied on that advice in failing to pay the proper amount of tax. For this relief to apply, a request for advice must be in writing, identify the taxpayer to whom the advice applies, and fully describe the facts and circumstances of the transaction.

Please visit our website at: www.boe.ca.gov/info/email.html to email your request. You may also send your request in a letter to: Audit and Information Section, MIC:44, State Board of Equalization, P.O. Box 942879, Sacramento, CA 94279-0044.

TAXPAYERS' RIGHTS ADVOCATE

If you would like to know more about your rights as a taxpayer or if you have not been able to resolve a problem through normal channels (for example, by speaking to a supervisor), please see [publication 70, Understanding Your Rights as a California Taxpayer](#), or contact the [Taxpayers' Rights Advocate Office](#) for help at 1-916-324-2798 (or toll-free, 1-888-324-2798). Their fax number is 1-916-323-3319.

If you prefer, you can write to: Taxpayers' Rights Advocate, MIC:70; State Board of Equalization; P.O. Box 942879; Sacramento, CA 94279-0070.

Regulations, forms, and publications

Lists vary by publication

Selected regulations, forms, and publications that may interest you are listed below. A complete listing of sales and use tax [regulations, forms, and publications](#) appears on our [website](#). Multilingual versions of our publications and other multilingual outreach materials are also available at www.boe.ca.gov/languages/menu.htm.

Regulations

- 1668 *Sales for Resale*
- 1669 *Permits*

Publications

- 17 *Appeals Procedures Sales and Use Taxes and Special Taxes*
- 70 *Understanding Your Rights as a California Taxpayer*
- 79 *Documented Vessels and California Tax*
- 111 *Operators of Swap Meets, Flea Markets and Special Events*
- 117 *Filing a Claim for Refund*
- 159EFT *Guide to Online Filing for EFT Accounts*
- 439 *Online Services*

Forms

- BOE-101 *Claim for Refund or Audit*
- BOE-129-EFT *EFT Transmission Declaration*

Publicaciones disponibles en su idioma
以您的母語出版的出版物
Các Ấn Phẩm Có Sẵn Trong Ngôn Ngữ Của Quý Vị
귀하의 언어로 된 간행물이 있습니다

