



CDTFA
CALIFORNIA DEPARTMENT OF
TAX AND FEE ADMINISTRATION

Basic Sales and Use Tax Presentation

www.cdtfa.ca.gov



Presentation Topics

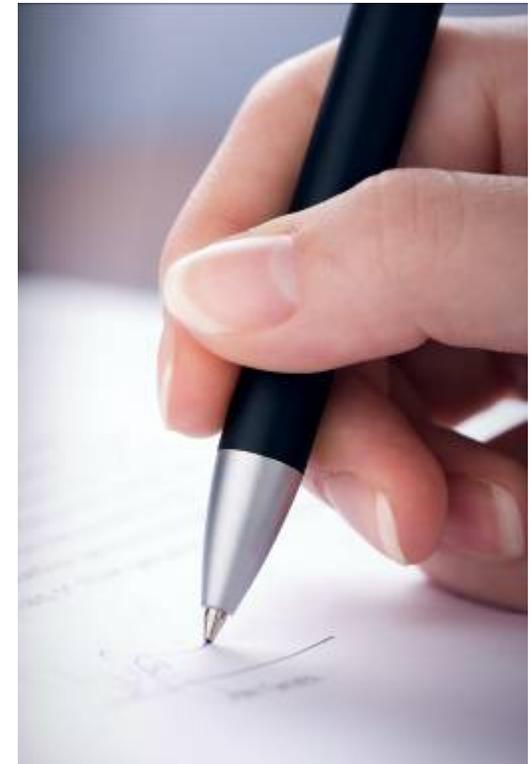
- Sellers' requirements under the Sales and Use Tax Law
- Types of transactions that are subject to tax
- Use of resale certificates
- Common deductions and exemptions
- Accessing CDTFA resources and services



Get it in Writing!

This presentation illustrates general tax concepts, not every situation. Email us at www.cdtfa.ca.gov/email/ with details specific to your business operations for legally reliable written tax guidance.

Please note: The contents of these slides do not constitute written tax advice under California Revenue and Taxation Code (R&TC) §6596.





What is a Sale?

A sale is any transfer of title or possession of tangible personal property for consideration.





What is Sales Tax?

Generally, all sales are taxable unless specifically exempt or excluded by law

- Sales tax is imposed upon the retailer (seller) on the sale of tangible personal property at retail in California.
- Retailers often collect reimbursement for the sales tax from their customers.
- Even though the consumer bears the financial burden of the sales tax when a retailer collects it from him or her, ultimately the retailer is liable for paying sales tax on their sales transactions.
- Tax is due based upon the gross receipts from retail sales.





What is Tangible Personal Property?

Tangible Personal Property (TPP) is any item which may be seen, weighed, measured, felt, or touched, or which is in any other manner perceptible to the senses. To assist in differentiating between what is TPP and what is not TPP, some examples are provided below.

Tangible Personal Property	NOT Tangible Personal Property
Art, bicycles, toys, and clothing	Transfer of artwork by remote telecommunications
Antiques	Real property
Food products	Securities
Furniture	Sale of a gift certificate by a retailer to one who will redeem it



When are Sales of TPP Subject to Sales Tax?

- Retail sales of TPP are generally subject to sales tax unless specifically exempted or excluded by law.
- Some service and labor costs are subject to sales tax if they are part of the sale of TPP.



Components of The Tax

The Sales and Use Tax rate is made up of:

- State Tax – 6.00% (2017)
 - Local Tax – 1.25%
- Equals Standard or Basic Statewide Tax Rate** of 7.25%
(6.00% state + 1.25% local)
- Plus**
- District Tax – .10% to 1.00% per district (if applicable)

Any city or county with applicable district taxes will have a sales and use tax rate higher than 7.25%. A district may impose multiple district taxes, and you may be located within more than one district.

A list of California city and county sales and use tax rates can be found on our website at www.cdtfa.ca.gov/formspubs/cdtfa95.pdf.

For a detailed description of the sales and use tax rate, please visit www.cdtfa.ca.gov/taxes-and-fees/sut-rates-description.htm.



District Taxes

What is a district tax?

- District tax is also called a transactions (sales) tax or use tax on taxable sales and leases.
- District taxes are voter-approved general or special taxes imposed by a city, county, transit district, etc.
- District tax applies to sales made or tangible personal property used in certain areas or “districts.”



For a list of cities and counties with district taxes, please visit the CDTFA website at

<https://www.cdtfa.ca.gov/taxes-and-fees/sales-use-tax-rates.htm>



District Taxes

The retailer (seller) has a location in a district that imposes district taxes

The retailer (seller) delivers merchandise in their own truck to a location in a district that imposes district tax

The retailer's (seller's) sales staff physically enters and solicits sales in a district that imposes district tax

Examples
of when a
retailer is
engaged in
business in
a district



District Taxes (cont'd)

The seller receives rental income from leases of tangible personal property located in a district that imposes district tax

The seller has total sales in California or for delivery in California that exceed \$500,000 during the preceding or current calendar year

Examples of when a retailer is engaged in business in a district

Who Needs a Seller's Permit?

Every person, firm, partnership, corporation, etc., engaging in the business of selling or leasing tangible personal property of a kind the gross receipts from the retail sale of which are required to be included in the measure of the sales tax, must apply with the CDTFA for a permit on a form prescribed by the Department. Wholesalers, as well as retailers, must secure such permit.

[Publication 107](#), *Do You need a California Seller's Permit*



Seller's Permit Facts

- Allows a person to make sales in California and issue a resale certificate.
- Must be issued in the owner's name for each business address.
- Must be posted in the business location visible to the public.
- Convenient, easy, and free to register online for a seller's permit, as well as a use tax account or other tax and fee program accounts.
- Rather than registering online, you may choose to apply for a seller's permit at your local CDTFA office.



CDTFA Online Services – Getting Started

www.cdtfa.ca.gov

Start here to *Login* or
Register a new business



Taxpayer Online Services Portal

Log in to file, pay, or view your account or [sign up now](#) for a Username and Password

File, Pay and View:

- ⊗ Sales and Use tax
- ⊗ Alcoholic Beverage tax
- ⊗ Cigarette or Tobacco product distributor, manufacturer, wholesaler, internet or out-of-state purchaser
- ⊗ e-Waste fee
- ⊗ Cigarette and Tobacco licenses
- ⊗ Fuel Trip permit
- ⊗ Annual Flat Rate decals
- ⊗ Fuel taxes (diesel, motor vehicle, jet fuel, alternative use fuels)
- ⊗ Oil Spill fees
- ⊗ Prepaid MTS
- ⊗ Timber Yield tax
- ⊗ Tire fee
- ⊗ Underground Storage Tank Maintenance fee
- ⊗ International Fuel Tax Agreement (IFTA)

File and Pay Your One Time Use Tax

File, Pay and View:

- ⊗ Cannabis taxes
- ⊗ Lead-Acid Battery fees
- ⊗ Emergency Telephone Users Surcharge

Register or Apply for a New:

- ⊗ [Business Activity or Location](#)
(Seller's permit, temporary seller's permit, and all other accounts not listed below)
- ⊗ [Cigarette and tobacco products retailer, distributor, manufacturer, or wholesaler license\(s\)](#)
- ⊗ [International Fuel Tax Agreement \(IFTA\) account](#)
- ⊗ [California Fuel Trip Permit](#)
- ⊗ [Annual Flat Rate Decals for Private Passenger Vehicles](#)
- ⊗ [Fuel Tax Exemption](#)

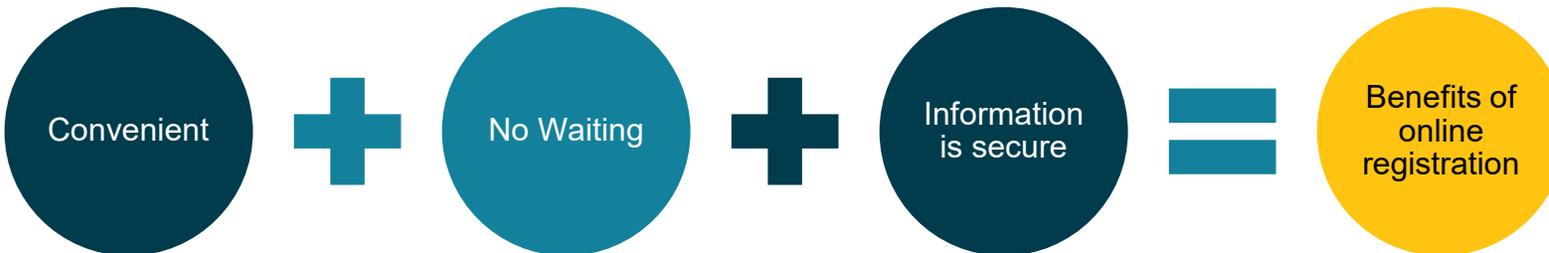
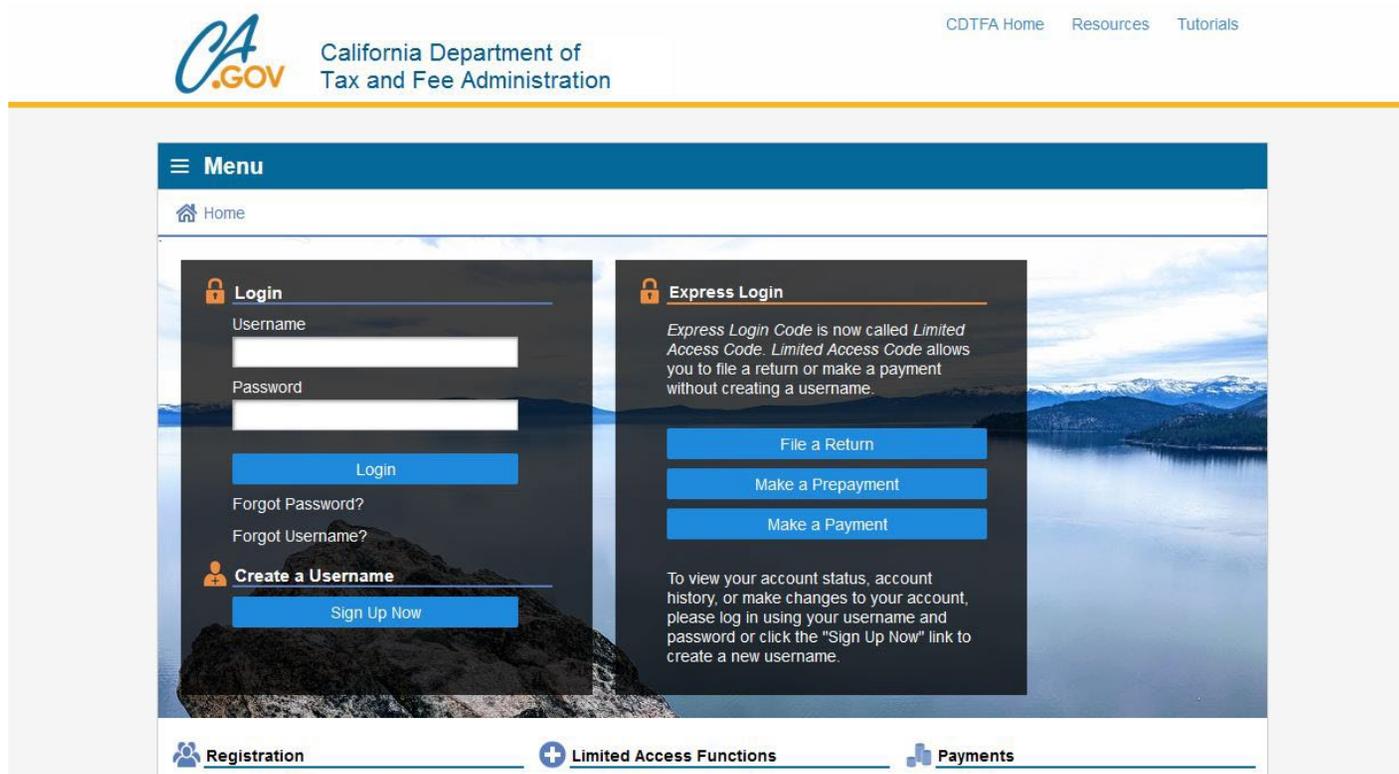
Renew

- ⊗ Cigarette and tobacco products retailer, distributor, manufacturer, or wholesaler license(s)
- ⊗ International Fuel Tax Agreement (IFTA) account
- ⊗ Annual flat rate decals for private passengers vehicles

As CDTFA implements new online features, taxpayers will see this page; it is meant as a guide to the desired activity.

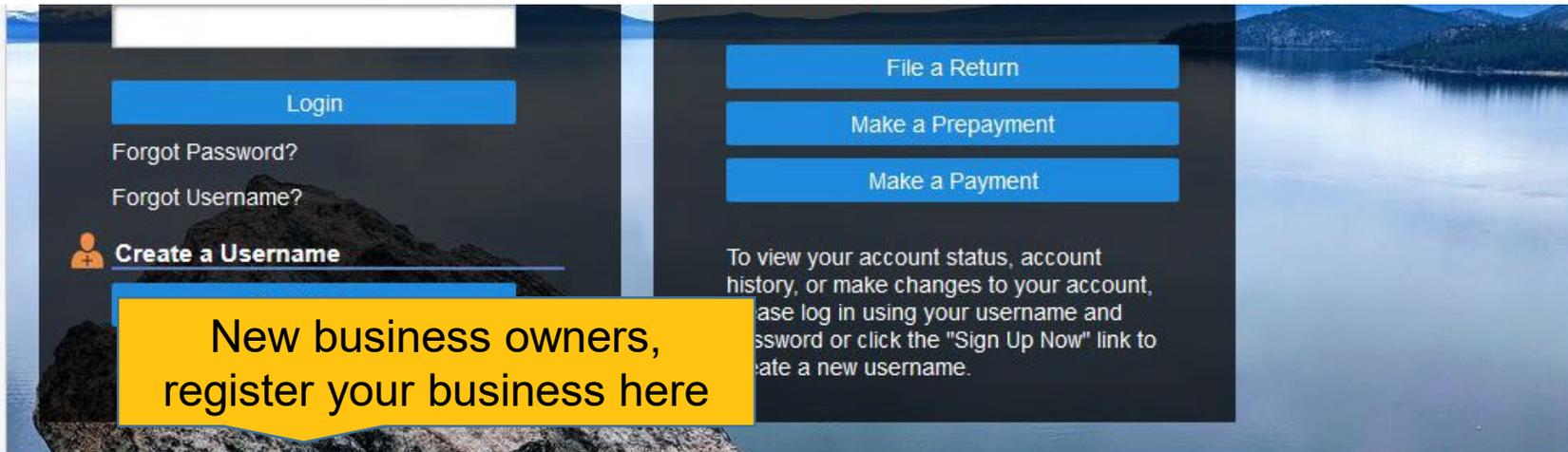


NEW Online Services





NEW Online Services



👤	Registration	+	Limited Access Functions	💰	Payments
	Register a New Business Activity		File a Return		Make a Payment
	Register for an International Fuel Tax Agreement (IFTA) Account		Make a Prepayment		Direct My Fedwire Payment
	Register for Alternative Flat Rate Decals for Private Passenger Vehicles		Retrieve a Saved Request		Verify a Sales and Use Tax Payment
	Request a Fuel Trip Permit		Respond to a Letter/Inquiry		ACH Credit Specifications
	Print Fuel Trip Permit(s)		Request Use Tax Clearance for Registration with DMV/HCD		Request a Payment Plan
			File a Return or Claim an Exemption for a		



NEW Online Services

Upon registration, a security code will be mailed to the address on file. You will need your security code to register for online services.

The screenshot shows the CDTFA online services portal. At the top, there is a blue navigation bar with a 'Menu' icon and the word 'Menu'. Below this is a 'Home' link with a house icon. The main content area is divided into two columns. The left column contains a 'Login' section with fields for 'Username' and 'Password', and a 'Create a Username' section with a 'Sign Up Now' button. The right column contains an 'Express Login' section with a text box explaining that the 'Express Login Code' is now called 'Limited Access Code' and allows users to file a return or make a payment without creating a username. Below this text are three blue buttons: 'File a Return', 'Make a Prepayment', and 'Make a Payment'. At the bottom of the right column, there is a text box explaining that users can view their account status, account history, or make changes to their account by logging in with their username and password, or by clicking the 'Sign Up Now' link to create a new username. A yellow callout box with a downward-pointing arrow is positioned over the 'Create a Username' section, containing the text: 'Create a Username to get access to **all** online functions'. Another yellow box highlights the 'Sign Up Now' button.



NEW Online Services

Use Username and Password for *full* access to online services

Login

Username

Password

Login

Forgot Password?
Forgot Username?

Create a Username

Sign Up Now

Express Login

Express Login Code is now called Limited Access Code. Limited Access Code allows you to file a return or make a payment without creating a username.

File a Return
Make a Prepayment
Make a Payment

To view your account status, account history, or make changes to your account, please log in using your username and password or click the "Sign Up Now" link to create a new username.

Who Else May Need to Register?

You may need to register for a *Qualified Purchaser* use tax account if you have use tax to report and:

- You receive at least \$100,000 in gross receipts from business operations per calendar year.
- You are not required to hold a seller's permit or certificate of registration for use tax.
- You do not hold a use tax direct payment permit as described in the Revenue and Taxation Code.
- You are not otherwise registered with the CDTFA to report use tax.



Additional Licenses and Accounts Required by the CDTFA

Examples:

- Cigarette license
- eWaste
- Tire fee
- Underground storage tank





Common Exemptions, Exclusions, and Deductions



Sales for Resale



Food Products



Labor



Sales to the U.S. Government



Sales in Interstate and Foreign Commerce



Sales Tax Included in Gross Receipts



Sales for Resale *Burden of Proof*

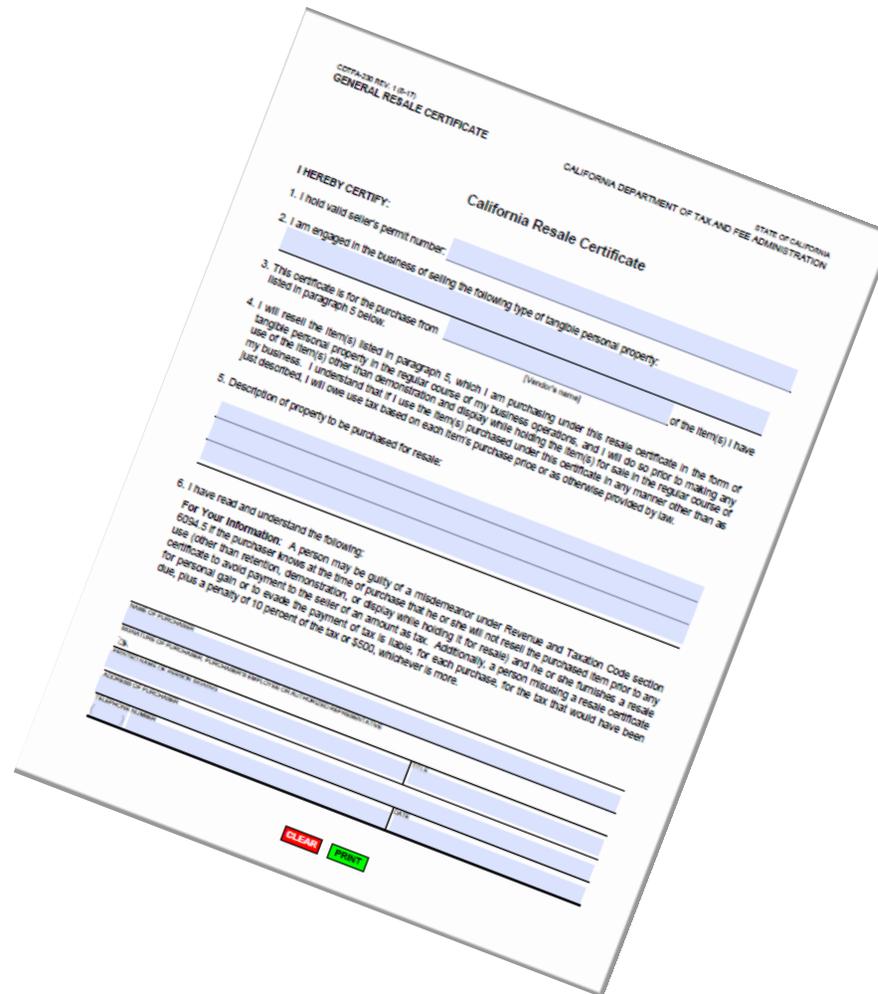
- The burden of proving that a sale of tangible personal property is not at retail is upon the seller unless the seller timely takes a resale certificate, in good faith, from the purchaser that the property is purchased for resale.
- Common ways to document sales for resale:
 - A Resale Certificate
 - A Purchase Order containing all the essential elements of a resale certificate

[Publication 73](#), *Your California Seller's Permit* (includes a copy of resale certificate)

Sales for Resale

Resale Certificate

Form CDTFA-230



CDTFA-230 REV. 1/01/10
GENERAL RESALE CERTIFICATE

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION STATE OF CALIFORNIA

I HEREBY CERTIFY:

1. I hold valid seller's permit number: _____

2. I am engaged in the business of selling the following type of tangible personal property:
_____ of the item(s) I have

3. This certificate is for the purchase from _____ (Vendor's Name) of the item(s) listed in paragraph 2 below.

4. I will resell the item(s) listed in paragraph 2, which 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. Description of property to be purchased for resale:

6. I have read and understand the following:
For Your Information: A person may be guilty of a misdemeanor under Revenue and Taxation Code section 6034.5 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 of 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: _____
Address of purchaser: _____
City and state of purchaser: _____
Business name of purchaser: _____
Business address of purchaser: _____
Business phone number: _____
Business fax number: _____
Business e-mail address: _____
Business website: _____
Business type: _____
Business description: _____
Business phone number: _____
Business fax number: _____
Business e-mail address: _____
Business website: _____

CLEAR **PRINT**

Publication 103, Sales for Resale



Essential Elements of a Resale Certificate

- Name and address of the purchaser's business.
- Purchaser's Seller's Permit number - if applicable.
- Description of the property to be purchased.
- A statement that the described property is being purchased for resale.
- Date of the document.
- Signature of the purchaser, purchaser's employee, or authorized representative.
- In the absence of evidence to the contrary, the seller will be presumed to have taken a resale certificate in good faith if it contains the essential elements and otherwise appears to be valid on its face.



Purchase Order Used as a Resale Certificate

PURCHASE ORDER			
<input checked="" type="checkbox"/> For Resale	SR AC 99-999999	Number - 123456	
<input type="checkbox"/> Taxable		Date -3/5/00	
4000	Widgets	\$2.00 each	\$8000.00

- Must specifically state “For Resale” or other similar language.
- Purchase Orders that state “For Resale” must contain all the information required for a resale certificate.



Resale/Exemption Certificate

- An appropriate notation should be entered in lieu of a Seller's Permit number on the resale/exemption certificate if:
 - The purchaser is not required to hold a permit because they only sell property which is not taxable.
 - Such as food products for human consumption, or
 - Because the purchaser makes no sales in this state

Sample Exemption Certificate

California Sales Tax Exemption Certificate

NATIONAL PRODUCE DISTRIBUTING

(Name of Purchaser)

6150 VAN NUYS BOULEVARD, VAN NUYS, CA

(Address of Purchaser)

I HEREBY CERTIFY: That I hold valid seller's permit No. NOT REQUIRED (sales of produce are not subject to tax) issued pursuant to the Sales and Use Tax Law; that I am engaged in the business of selling FRESH PRODUCE that the tangible property described herein which I shall purchase from CANOGA FARMS will be used as PACKAGING FOOD FOR HUMAN CONSUMPTION. I understand that if the property is used for some other manner or some other purpose, I am required by the Sales and Use Tax Law to report and pay any applicable sales or use tax.

Description of the property to be purchased: BASKETS & BOXES FOR FOOD ITEMS

Date: Jan. 30, 2012

Farmer Bob Jones

(Signature of Purchaser or Authorized Agent)

PRESIDENT

(Title)

- Similar to a resale certificate.
- Issued when property will be used in a manner or purpose qualifying the sale to be exempt from sales tax.
- If the purchaser does not have a Seller's Permit, the reason why the purchaser is not required to hold a Seller's Permit must be written on the certificate.



Penalties for Misuse of Resale Certificates

Misuse of a resale certificate is a *misdemeanor*.

The penalty is \$500 or 10% of the amount of tax *per transaction*, whichever is greater.

Business owners can be held responsible for the actions of their employees.



Verifying a Seller's Permit



Call 1-888-225-5263



Search the CDTFA database at
<https://services.cdtfa.ca.gov/boeweb/services/verification.jsp?action=SALES>



Download the free CDTFA app for your mobile and smart device(s) which can be accessed at
www.cdtfa.ca.gov/services/mobile.htm

Food Products

Nontaxable



General Food Products



Cold food to-go

Taxable



Cold food sold for consumption at place of business



Hot prepared food products

Non-Food Products

Sales tax generally applies to sales of:

Carbonated or
effervescent water



Carbonated Beverages



Cigarettes



Animal Foods



Dietary Supplements



Alcoholic Beverages



Coloring Extract



Ice





Food Products

The application of tax to food and beverage sales is divided into two categories for discussion:



Hot or cold food and beverages sold for consumption at your place of business are generally taxable



Cold prepared food items sold "to go" are generally nontaxable (restaurants and grocery stores)



Sales of Food Products

80/80 Rule

The “80/80 rule” applies when more than 80 percent of your sales are food and more than 80 percent of the food you sell is taxable. If the 80/80 rule applies and you do not separately track sales of cold food products sold to-go, you are responsible for tax on 100 percent of your sales.

The “80/80 rule” applies to restaurants, bars, hotels, and similar establishments.



Sales of Food Products

80/80 Rule

- Although both criteria of the “80/80 rule” may be met, you may elect to separately account for to-go orders of cold food products. Such sales include:
 - Cold food products, and
 - Hot bakery goods and hot beverages that are sold for a separate price.

Taxable and nontaxable sales must be separately accounted for and supported by documents, such as guest checks and cash register tapes



Sales of Food Products

80/80 Rule

Nontaxable sales include

- Sales of cold food products *in a form that is not suitable for consumption on the premises.*
 - Requires further processing by the customer
 - frozen pizza
 - Is sold in a size not ordinarily consumed by one person
 - a quart of potato salad
 - a quart of ice cream
 - a whole pie



Labor

Nontaxable

- Repair
- Installation



Taxable

- Fabrication
- Assembly



Fabrication and Assembly Labor



Fabrication and assembly labor are taxable!
Fabrication is considered to be work done in creating, producing, processing, or assembling a product.



Government Sales

Nontaxable

- Federal Agencies

Taxable

- Local and State Agencies





Sales in Interstate and Foreign Commerce

Sales tax generally does not apply to your transaction when you sell a product and ship it directly to the purchaser at an out-of-state location for use outside of California.



Sales Tax Included in Gross Receipts

- There must be a clear notice to customers that tax has been included in the sales price (Annotation 460.0258, *Tax Included in Price*).
- When sales tax is included in the sales price, and then you include it in gross receipts, the tax amount needs to be deducted in order to reach the taxable measure.
- To find the ex tax taxable measure when tax is included, divide sales by 1+ the tax rate.

(Example with 7.25% tax rate)

$$10.00 \div 1.0725 = 9.32$$

$$10.00 - 9.32 = .68 \text{ tax included}$$

- If the amount you reported as gross receipts includes sales tax, you must deduct “sales tax included” on the deductions line of your return or report the calculated ex-tax gross receipts and take no deduction.



Drop Shipments

A **drop shipper** is usually a supplier that delivers merchandise to California consumers on behalf of a retailer that is not engaged in business in California pursuant to Revenue and Taxation Code section 6203.

Such transaction is known as a **drop shipment** and the retailer who is not engaged in business in California is known as a **true retailer**. Generally, a drop shipment involves **two separate transactions** involving the true retailer:

1. The true retailer contracts to sell tangible personal property to a consumer

and

2. The true retailer contracts with a supplier to purchase such tangible personal property and instructs the supplier to ship the property to the consumer

A drop shipper is engaged in business in California and is liable for the tax; they must report and pay the tax to California. The tax is based on the retail selling price of the merchandise paid by the California consumer to the true retailer. If the selling price is unknown, the drop shipper can calculate tax based on their selling price with a mark-up of 10%.

Shipping and Handling Nontaxable Transportation Charges

Nontaxable Transportation Charge

For a transportation charge to be nontaxable, the sales transaction must be nontaxable or all of these conditions must apply:

1. You ship directly to the purchaser by common carrier, contract carrier, or US Mail;



2. Your invoice clearly lists delivery, shipping, freight, or postage as a separate charge; **and**



3. The charge (or portion of the charge) is not greater than your actual cost *for delivery* to customer.

Delivery made by retailer's facilities OR for a delivered price may be nontaxable

If a delivery is made by the facilities of the retailer or for a delivered price, the charge is taxable **unless**:

- a) the transportation charges are separately stated,
- b) are for transportation from the retailer's place of business or other point from which shipment is made directly to the purchaser, and
- c) the transportation occurs after the sale of the property is made to the purchaser.



Shipping and Handling Partially Taxable Transportation Charges

Examples of Partially Taxable Transportation Charges

- If the amount of the actual delivery cost is deemed nontaxable and if the delivery charge exceeds the actual delivery cost, the difference between the actual delivery cost and the total delivery charge is taxable.
- The handling charge of “shipping and handling” or “postage and handling” is taxable. The shipping or postage portion may or may not be taxable.

[Publication 100](#), *Shipping and Delivery Charges*



Shipping and Handling When Charges are Taxable

The charge for delivery made by the retailer's facilities for a delivered price (may be nontaxable under certain circumstances)

Some Examples of a Taxable Charge

The delivery charge is included in the price per unit (may be nontaxable under certain circumstances)

Handling charges

Other Exemptions and Deductions

- **Bad Debts** - Deductible only for previously reported taxable sales that have been charged off.
- **Tax-paid Purchases Resold Prior to Use** – If a vendor charged tax for inventory items you subsequently sold.
- **Returned Taxable Merchandise** – Retailer must refund the customer's entire sales amount including sales tax.
- **Numerous Other Exemptions** - See Publication 61, *Sales and Use Taxes: Exemptions and Exclusions*.

Manufacturing, R&D Exemption

- Certain manufacturers and businesses involved in research and development can obtain a partial exemption from sales and use tax on certain equipment purchases and leases.
- The partial exemption rate applies to the sale or lease of *qualified* tangible personal property during the period **July 1, 2014 to July 1, 2030**.
- The **partial exemption rate is 3.9375%**. *Qualified* purchases and leases will incur a **reduced sales tax rate of 3.3125%**, plus any applicable district taxes.

Manufacturing, R&D Exemption

Includes those involved in manufacturing, biotechnology, and other physical, engineering, and life science research and development, as classified under NAICS Codes 3111-3399, plus 541711 and 541712.



The screenshot shows the United States Census Bureau website. The main heading is "North American Industry Classification System". Below the heading are navigation tabs: Main, History, Development Partners, Federal Register Notices, NAPCS, and FAQs. The "NAICS Search" section includes three search boxes for the years 2012, 2007, and 2002. The "2012 NAICS Definition" section states: "T = Canadian, Mexican, and United States industries are comparable." The "Search results for: 31" section shows "Number of records found: 652" and lists the following categories:

- [31-33](#) Manufacturing^T
- [311](#) Food Manufacturing^T
- [3111](#) Animal Food Manufacturing^T
- [31111](#) Animal Food Manufacturing^T
- [311111](#) Dog and Cat Food Manufacturing
- [311119](#) Other Animal Food Manufacturing

Manufacturing and Research & Development Partial Exemption Qualifications

Qualified Persons

Qualified persons are generally persons or establishments that are primarily engaged in:

- Manufacturing
- Research and Development
- Electric Power Generation and Distribution

Qualified Property

Generally includes:

- Machinery and equipment used in manufacturing or research and development, with a useful life of at least one year.
- Materials, fixtures, machinery and equipment furnished and installed in the construction of special purpose buildings specially designed and constructed for use in manufacturing or research and development.
- Special purpose buildings and foundations used as an integral part of the generation or production, or storage and distribution of electric power.



Manufacturing and Research & Development Exemption Qualifications Continued

QUALIFIED USES

Qualified property that is used at least 50 percent of the time in:

- Manufacturing,
- Processing,
- Refining,
- Fabricating,
- Recycling, or
- Research and development.
- Generation or production, or storage and distribution of electric power.
- Maintain, repair, measure, or test any qualified tangible personal property.

For more information, please visit the [Tax Guide for Manufacturing and Research & Development Equipment Exemption](#) located on the CDTFA website.



How does the Cannabis Tax Law Affect You?

- Sellers of cannabis and cannabis products must register with the CDTFA for a Seller's Permit to report and pay their sales and use tax due.
- Distributors of cannabis and cannabis products must register with the CDTFA for a Cannabis Tax Permit to report and pay the two new cannabis excise and cultivation taxes. The Cannabis Tax Permit is required in addition to the Seller's Permit a distributor may have.



Certain Sales of Medicinal Cannabis are Exempt from Sales and Use Tax

- Retail sales of medicinal cannabis (as defined) to a qualified patient or his/her caregiver who provides a valid Medical Marijuana Identification Card (MMIC) issued by the CA Department of Public Health (CDPH) and a valid government-issued identification card (ID) are exempt from sales and use tax.
- Such qualified patients or their primary caregivers must show their valid MMIC and valid government-issued ID to the retailer at the time of purchase for the sales and use tax exemption to apply.



Sales and Use Tax Exemption Continued

- The MMIC must be issued by CDPH; other marijuana or cannabis cards or recommendations from physicians are not sufficient to qualify for the sales tax exemption.



For more information, you may visit our online *Tax Guide for Cannabis Businesses* on our website at www.cdtfa.ca.gov



Charitable or Nonprofit Organizations

In general, sales to and sales by, charitable or nonprofit organizations are subject to tax.

A limited number of narrow exemptions are specified by statutes and regulations.

You may find out more about nonprofit organizations on our website.



What Is Use Tax?

- Use tax is due on items purchased ex tax (without payment of tax) for use, storage, consumption, or to give away in California.
- Out-of-state retailers “engaged in business” in California must collect and pay use tax on items sold to California consumers.



How Do I Know if I Owe Use Tax?

Use tax may be due on items purchased without payment of California sales or use tax:

- Purchases from out-of-state without payment of tax

OR

- Inventory items that you purchased for resale that are consumed for your own use (including use as gifts and free samples)

How Do I Pay California Use Tax Due?

If you have a Seller's Permit:

- Report use tax when you file your Sales and Use Tax Return.

If you do not have a Seller's Permit or a Consumer Use Tax account and are not a Qualified Purchaser:

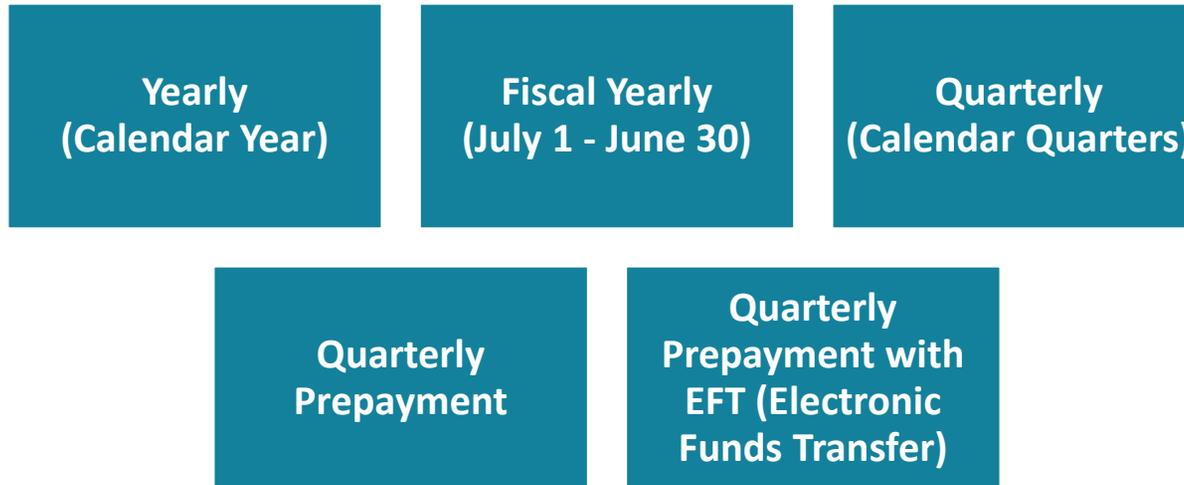
- Report use tax on your California Individual Income Tax Return filed with the Franchise Tax Board (FTB), or
- Pay use tax directly to CDTFA on your mobile app or through our online services.

Estimated Use Tax Use Tax Lookup Table

- California Franchise Tax Board (FTB) offers the *Use Tax Lookup Table* for individuals reporting their use tax (and not for businesses).
- Use tax for any number of purchases less than \$1,000 is estimated based on your California adjusted gross income.
- Use tax for individual items purchased for \$1,000 or more must be calculated separately.
- The table and instructions are provided in the FTB forms 540, 540A, and 540EZ.

Tax Return Filing Requirements

When you are issued a **Seller's Permit**, the CDTFA will assign you a reporting basis, based on the information you furnished:



- A tax return (with payment, if applicable) is due for each period.
- If no sales are made, you must file a “0” tax return.
- Electronic filing is the CDTFA preferred method for filing. Some tax programs require electronic filing.



Penalties

Penalties may be assessed for:

**Failure to file a return
(10%) or prepayment
(6%)**

**Late filing of returns
(10%) or prepayments
(6%)**

**Late payments (10%) or
prepayment (6%)**

**Payment method other
than Electronic Funds
Transfer (EFT) on
accounts required to
pay by EFT (10%)**



Penalties are based on tax due

Required Records Must be Maintained for at Least Four (4) Years



Normal books of account.



Schedules or working papers used in preparing tax returns.



Records of sales including: sales invoices, cash register tapes, sales journals, etc.



Records of purchases including: purchase invoices, cancelled checks, purchase journals, etc.



Documentation to support exemptions or exclusions such as: resale certificates, exemption certificates, purchase orders, shipping documents, etc.



Important Facts and Responsibilities

Advise the CDTFA of ownership changes. This may affect your liability for future taxes.

Advise the CDTFA of changes in business, mailing, and email addresses.

Retailers should report sales in the return period when the sale is made even though payment may be received in a later return period.

Retailers are responsible for payment of sales tax even when the customer does not pay it.

Filing Clinics Held at a CDTFA Office Near You



The screenshot shows the CDTFA website's navigation bar with the following items: CA.GOV, California Department of Tax and Fee Administration, Login, Register, and Languages. Below the navigation bar are icons for: File a Return, Make a Payment / Prepayment, Taxes & Fees, Forms & Publications, Permits & Licenses, Tax & Fee Rates, Know Your Rights, and Search.

Taxpayer Events and Education

Upcoming Events

- Events Calendar
- Cigarette and Tobacco
- International Fuel Tax Agreement
- Sales Tax Education
- Speakers Bureau

In-Person Seminars, Classes, Clinics, and Workshops
For more resources, please see [Online Seminars](#).

Filter the events below by language and class type.

Filter by month, location, etc.

For filing clinics and office locations, visit our website at www.cdtfa.ca.gov.



Local CDTFA Offices

- Visit your local CDTFA office for assistance.
- Use one of CDTFA's self-service kiosks to access online services for various items such as filing and paying your taxes online.

For CDTFA office locations and addresses go to: www.cdtfa.ca.gov/office-locations.htm





Taxpayer Education Consultation Program

- The consultation is free.
- A trained staff member will review your business operation and recordkeeping system.
- Call your local CDTFA office to make an appointment for one-on-one assistance:

www.cdtfa.ca.gov/office-locations.htm



CDTFA Website

www.cdtfa.ca.gov

You may access the CDTFA website for all of the following:

- Filing and Paying Your Taxes
- Industry Tax & Fee Guides
- Enhanced Video Tutorials
- Class & Seminar Schedules & Registrations
- Directory of CDTFA Offices
- Industry Specific Publications
- Tax News and Special Notices
- E-mail Notifications for CDTFA Updates
- Online Verification of Seller's Permit Numbers
- Credit Card Payments
- Useful Links to Other Websites



Customer Service Center



Customer Service Center representatives can walk you through your tax return or the registration process, as well as answer your general tax questions

1-800-400-7115

Mon – Fri, 8:00 a.m. to 5:00 p.m. except state holidays



24 hr voice recordings on specific topics

For the hearing impaired CRS: 711



Taxpayers' Rights Advocate

1-888-324-2798

If you are unable to resolve a disagreement with the CDTFA, you can learn more about your rights under the law.

www.cdtfa.ca.gov/tra/





CDTFA
CALIFORNIA DEPARTMENT OF
TAX AND FEE ADMINISTRATION

**We wish you success
in your business venture!**