Relief May Be Available to Marketplace Sellers Using Fulfillment Centers in California

If you are an out-of-state retailer (marketplace seller) that is or was “engaged in business” in California solely because you used a marketplace facilitator to facilitate sales of your merchandise for delivery in this state, and the marketplace facilitator stored your inventory in California, you may be a “qualifying retailer” and entitled to reduced liability for certain taxes, penalties, and interest. California recently passed legislation that prohibits the CDTFA from assessing sales and use taxes on sales made by a “qualifying retailer” prior to April 1, 2016, and requires the CDTFA to relieve any penalties imposed on a “qualifying retailer” with respect to sales made for the period April 1, 2016 to March 31, 2019.

Who is a “qualifying retailer”?
Effective June 27, 2019, you are a “qualifying retailer” per Revenue and Taxation Code section 6487.07 if you meet all of the following conditions:

- You did not register with the CDTFA under the Sales and Use Tax Law prior to December 1, 2018.
- You did not file sales or use tax returns, or make sales or use tax payments prior to being contacted by the CDTFA.
- You voluntarily register with the CDTFA, and by September 25, 2019, file completed tax returns for all tax reporting periods for which a determination may be issued under section 6487.07 (that is, for periods on and after April 1, 2016), and either
  - Pay the tax due in full, or
  - Apply for a payment plan, but only if the final payment under the plan is paid no later than December 31, 2021 (qualifying installment payment agreement).
- You are or were engaged in business in this state solely because you used a marketplace facilitator (as defined in section 60411) to facilitate sales for delivery in this state and the marketplace facilitator stored your inventory in this state.

A “qualifying retailer” will not be assessed tax by the CDTFA with respect to sales made prior to April 1, 2016, and will be relieved of penalties with respect to sales made for the period April 1, 2016 to March 31, 2019.

How do I register?
To register, go to www.cdtfa.ca.gov and select Register, then select Register a New Business Activity or Location. The start date on your account should reflect the date you began engaging in business in California.

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1 Revenue and Taxation Code section 6041 defines a “marketplace facilitator” as a person who contracts with marketplace sellers to facilitate, for consideration, the sale of the marketplace seller’s products through a marketplace (for example, an Internet website, dedicated sales software application, catalog, etc.) operated by the person or a related person and who engages in specified activities.
How do I notify the CDTFA that I am a qualifying retailer?
If you are a “qualifying retailer,” please complete CDTFA-38-A, Relief for Marketplace Sellers per section 6487.07, available on our website at www.cdtfa.ca.gov and mail the form to:

California Department of Tax and Fee Administration
Out-of-State Office
3321 Power Inn Road, Suite 130
Sacramento, CA  95826-3893

For more information
For more information about registering, filing returns, paying taxes, or entering into a qualifying installment payment agreement, and relief of penalties, please contact our Out-of-State Office at 1-916-227-6600, or via email at OSReg@CDTFA.ca.gov.