



# CDTFA

CALIFORNIA DEPARTMENT OF  
TAX AND FEE ADMINISTRATION

## INFORMATION UPDATE

Please note the following update to Special Notice L-565, published in December 2018, regarding new use tax collection requirements for retailers located outside of California. The notice stated that beginning April 1, 2019, a retailer located outside of California is required to collect use tax if, during the preceding or current calendar year, the retailer's sales into California exceed \$100,000, or the retailer made sales into California in two hundred (200) or more separate transactions. This new use tax collection requirement was pursuant to the U.S. Supreme Court's *South Dakota v. Wayfair, Inc.* decision and Revenue and Taxation Code section 6203.

On April 25, 2019, California passed [Assembly Bill No. \(AB\) 147](#) (Stats. 2019, ch. 5) which requires retailers located outside of California to collect use tax if, during the preceding or current calendar year, total combined sales of tangible personal property for delivery in California by the retailer and all persons related to the retailer **exceed \$500,000**. The new collection requirement imposed by AB 147 is operative April 1, 2019, and supersedes the direction provided in Special Notice L-565. A separate [notice](#) was also published notifying taxpayers of the information update.



# Special Notice

CALIFORNIA DEPARTMENT  
OF TAX AND FEE  
ADMINISTRATION  
450 N STREET  
SACRAMENTO, CA 95814

**EDMUND G. BROWN JR.**  
Governor

**MARYBEL BATJER**  
Secretary  
Government Operations Agency

**NICOLAS MADUROS**  
Director

CDTFA WEBSITE  
INFORMATION  
[www.cdtfa.ca.gov](http://www.cdtfa.ca.gov)

CUSTOMER SERVICE CENTER  
**1-800-400-7115**

TTY  
**711**

## New Use Tax Collection Requirements for Out-of-State Retailers Based on Sales into California Effective April 1, 2019

Beginning April 1, 2019, a retailer located outside of California is required to collect use tax if, during the preceding or current calendar year:

- The retailer's sales into California exceed \$100,000, or
- The retailer made sales into California in two hundred (200) or more separate transactions.

An out-of-state retailer reaching either of the above sales thresholds is engaged in business in California pursuant to Revenue and Taxation Code section 6203 and the U.S. Supreme Court's decision in *South Dakota v. Wayfair, Inc.* (Dock. No. 17-494) (*Wayfair*). A retailer engaged in business in this state is required to collect California use tax from its customers on the retailer's taxable sales of tangible personal property into California and pay the tax to the California Department of Tax and Fee Administration (CDTFA).

This new use tax collection requirement is not retroactive; it applies only to sales on and after April 1, 2019. This requirement applies to retailers that sell tangible goods for delivery into California through the Internet, mail-order catalogs, telephone, or any other means.

### Requirements to register and collect California use tax prior to *Wayfair* remain in effect

If you were already required to be registered to collect California use tax prior to April 1, 2019, there will be no change in your registration and collection obligations as a result of the recent *Wayfair* decision. That is, retailers with a physical presence in California are still required to be registered with the CDTFA. Examples of a physical presence in this state include, but are not limited to, maintaining inventory or office locations in California, representatives operating in California for purposes of taking orders, making sales or deliveries, or installing or assembling tangible personal property, or leases of equipment, including computer servers, in California.

### Registration

If you are not already registered with the CDTFA, you may register by visiting our website at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov) and selecting the *Register* button in the top right corner of our homepage. From the *Taxpayer Online Services Portal*, scroll down to *Registration* and select *Register a New Business Activity or Location* and follow the prompts.

The new requirement to collect California use tax as a result of the *Wayfair* decision applies only to sales on and after April 1, 2019. You may voluntarily register and collect the tax prior to April 1, 2019.

***New Use Tax  
Collection  
Requirements for  
Out-of-State  
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on Sales into  
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Effective April 1,  
2019***

**Tax rates in California**

The current California sales and use tax statewide base rate is 7.25 percent, which includes state and local taxes. However, the total sales and use tax rate is not the same throughout the state; the sales and use tax rate is higher in areas where there are voter-approved district taxes. For more information about California city and county sales and use tax rates and to verify current rates, visit our website at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov), select *Tax & Fee Rates* at the top ribbon, and then choose *Sales and Use Tax Rates*. This page includes a link to the *Find a Sales and Use Tax Rate by Address* rate look-up tool under the *Current Tax Rates* section.

Our rate look-up tool allows you to find the tax rate by entering an individual address. Our rate look-up service may also be integrated into your sales software to compute the tax rate for each of your sales. To see if our service will work with your application, please select the *Looking for the Tax Rate API?* link at the bottom of the rate look-up tool page.

**Interested parties meetings**

The CDTFA plans to begin the interested parties process for rulemaking next year. If you would like to receive information when that process begins, please email your contact information to [BTfD-BTC.InformationRequests@cdtfa.ca.gov](mailto:BTfD-BTC.InformationRequests@cdtfa.ca.gov).

**For more information**

For more information on the *Wayfair* decision or for guidance on whether or not you are required to register with the CDTFA or collect district taxes, please see our online guide *Use Tax Collection Requirements Based on Sales into California Due to the Wayfair Decision* at [www.cdtfa.ca.gov/industry/](http://www.cdtfa.ca.gov/industry/). Or you may call our Out-of-State Office at 1-916-227-6600 Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.