December 20, 2022

VIA INTERNET

Dear Interested Party:

The Compliance Policy and Procedures Manual (CPPM) is a guide for the California Department of Tax and Fee Administration (CDTFA) in administering tax and fee programs. It is available to the public and can be accessed from the CDTFA web page at http://www.cdtfa.ca.gov/taxes-and-fees/staxmanuals.htm.

The Business Tax and Fee Division is proposing to revise CPPM section 820.100 to incorporate current policy and procedure for pursuing the tax liability of an intervening owner of a vehicle, undocumented vessel, or mobile home.

The revision material is provided on the following pages for the convenience of interested parties who may wish to submit comments or suggestions. Please feel free to publish this information on your website or otherwise distribute it to your association/members.

If you have any comments or suggestions related to the proposed CPPM revisions, you may contact the CDTFA at CPPMRev@cdtfa.ca.gov. Your comments or suggestions must be received by the CDTFA no later than January 20, 2023, in order to be considered. Thank you for your consideration.

Sincerely,

Aimee Olhiser, Chief
Tax Policy Bureau
Business Tax and Fee Division
A vehicle, undocumented vessel, or mobile home may change ownership or possession from the original user in whose name it is registered owner to several subsequent owners before a request is made for clearance and transfer of registration. Whenever this occurs, the tax liability of each person having subsequent ownership of the vehicle, that is, the intervening owners, other than the person to whom the vehicle, undocumented vessel, or mobile home is to be transferred, must be determined.

If any person other than the registered owner had ownership of the vehicle prior to the time of transfer, team members should obtain information concerning the names and addresses of the intervening owners and determine whether or not a tax liability has been incurred. A tax liability is due. If there were sales of vehicles between private parties and use tax would be applicable, generally, when there is a sale of a vehicle, undocumented vessel, or mobile home between private parties, use tax is applicable. Therefore, sufficient information should be obtained so the proper amount of tax can be assessed against and collected to assess and collect the proper amount of tax from each purchaser.

A memorandum, along with any supporting documentation obtained, should be sent to CUTS to investigate possible intervening owners. The following information should be included:

- Owner(s) name, address, and telephone number,
- Purchase date,
- Purchase price,
- Registration number (vehicle license plate number, vessel CF number), and
- Make, model, and year.

When the registered owner reports the sale to DMV or HCD and the new owner does not register the property, CUTS issues a contact letter to the intervening owner based on information provided by the seller. The contact letter advises the intervening owner of the use tax due on their purchase.

If the contact letter(s) are returned by the US Postal Service due to incomplete information, erroneous addresses or undeliverable mail, CUTS team members must thoroughly skip trace the intervening owner to obtain an accurate address before issuing a billing. Ensuring the case has an accurate address increases the ability for collectors to collect. If a better address cannot be secured, the case should be closed.