



Hiring Credit Available for Some Small Businesses

Senate Bill 1447 was recently enacted and allows a small business hiring credit against income or sales and use taxes to a qualified small business employer that is allocated a tentative credit reservation. A qualified small business employer is, in general, a taxpayer that has 100 or less employees as of December 31, 2019, and that has a 50 percent decrease in gross receipts when comparing second quarter 2020 to second quarter 2019. The credit amount is \$1,000 for each net increase in qualified employees (as specified), not to exceed \$100,000. The total amount of credit available for allocation to qualified small business employers is capped at \$100 million.

California Department of Tax and Fee Administration (CDTFA) will accept applications for tentative credit reservation amounts through a reservation system that will be available on our website at www.cdtfa.ca.gov beginning on December 1, 2020. Tentative credit reservations will be allocated to qualified small business employers on a first-come, first-served basis. Please visit our website for additional information.

Public Counters Accessible by Appointment

To protect the health of the public and our team, the front counters in our offices are currently only accessible by appointment. Most of the services provided in our offices are available online and via telephone. Here are the many ways to reach us directly.

- Visit us online at www.cdtfa.ca.gov.
- Call our Customer Service Center at 1-800-400-7115 (CRS:711), Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.
- You can call your local CDTFA office at www.cdtfa.ca.gov/office-locations.htm.
- Send us a letter:

California Department of Tax and Fee Administration
P.O. Box 942879
Sacramento, CA 94279

- Follow us on Facebook®, Twitter, LinkedIn®, and Instagram®.

Small Business Relief Payment Plan for Sales and Use Tax

The CDTFA is offering an interest-free payment plan for small businesses with less than \$5 million in annual taxable sales. This payment plan is limited to sales and use tax accounts and is available for up to \$50,000 in sales and use tax due on returns with original due dates between March 1, 2020, and July 31, 2020. If you participate in this payment plan, you are required to make 12 or fewer equal monthly payments, and the liability must be paid in full by July 31, 2021.

Payment plan requests can be made through our online services system using a *username* and *password*. The small business relief payment plan request is available beginning one business day after the filing of the return(s). Once logged in, select the appropriate sales and use tax account, then select *Request an Interest Deferred Payment Plan* under the *I Want To* section to begin the request. Please check our website at www.cdtfa.ca.gov/services/covid19.htm#small-business-payment for additional program details.

Important Information on Labor Laws and COVID-19 Infection Prevention Requirements

The Division of Occupational Safety and Health Administration (Cal/OSHA), the Labor Commissioner's Office, and the Division of Workers' Compensation are providing the latest information for employers and workers regarding their rights and responsibilities and the different ways COVID-19 can impact the workplace. Resources on how to prevent the spread of the virus at work, the latest requirements for paid sick leave, and updates to benefits for work-related injuries and illness are available on the California Department of Industrial Relation's website at www.dir.ca.gov/covid19/.

Legislative Changes Affecting Motor Vehicle Dealers

Recently passed legislation, [Assembly Bill 85](#) and [Assembly Bill 82](#), provides for changes in how certain dealers report tax on vehicle sales. Generally, under the new laws, used car dealers will be required to report tax directly to the Department of Motor Vehicles when registration fees are submitted. Additional information, including implementation dates, will be provided in the coming months.

Third-Party Loaner Vehicles

A loaner vehicle is a vehicle that is provided as a temporary replacement for one being serviced. Some vehicle dealers own their own designated loaner vehicles while others lease them from third parties, such as Enterprise Rent-A-Car®, Avis®, or Hertz®. Whether tax applies when a vehicle dealer leases a loaner vehicle from a car rental company depends on the circumstance under which the vehicle is loaned to a customer. Tax applies when a customer is provided a loaner vehicle as a courtesy or favor, and the vehicle dealer is not required under a mandatory warranty agreement to do so. In this case, the vehicle dealer is the consumer of the loaner vehicle and owes tax on the rental receipts.

Generally, no additional tax is due when:

- A loaner vehicle is provided to a customer whose vehicle is being repaired or serviced under a mandatory or standard manufacturer's warranty. The loan is a part of the original vehicle sales contract.
- Service is being performed on a vehicle that is under a lease contract with tax paid on the lease receipts. It is irrelevant whether the lease agreement requires the vehicle dealer to provide a loaner vehicle while the lease vehicle is worked on.

In both scenarios, the vehicle dealer may issue a valid and timely resale certificate to the third-party lessor to avoid overpayment of the tax. However, if the vehicle dealer does not issue a timely resale certificate and instead pays tax to the car rental company on the lease payments for the loaner vehicles, the vehicle dealer may claim a tax-paid purchase resold credit on its sales and use tax return or file a claim for refund using form [CDTFA-101](#), *Claim for Refund or Credit*.

For more information, please see publication 34, *Motor Vehicle Dealers* at www.cdtfa.ca.gov/formspubs/pub34.pdf; publication 119, *Warranties and Maintenance Agreements* at www.cdtfa.ca.gov/formspubs/pub119; and our *Tax Guide for Motor Vehicle Dealers* at www.cdtfa.ca.gov/industry/used-vehicle-dealers.htm.

The Mexican Merchant Program Is Transitioning to a Resale Certificate and Interstate Commerce Exemption Process

Good news! Beginning January 1, 2021, Mexican merchants will no longer need to register with the CDTFA for the Mexican Merchant Program and will, instead, simply provide a California seller with a resale certificate when purchasing merchandise for export and resale. The Mexican Merchant Program was created several years ago to provide an easy way for Mexican merchants to purchase items for resale from California vendors and for those

vendors to support claimed sales for resale. However, the program was duplicative of our existing process for documenting sales for resale or export.

Starting January 1, 2021, California vendors selling to Mexican merchants may no longer accept *Mexican Merchant and Border States Uniform Sales for Resale Certificates*. You should obtain the same resale certificate and other supporting documentation as described in [Regulation 1668, Sales for Resale](#), from Mexican merchants that you would from any other purchaser. If your sale to a purchaser from Mexico does not qualify as a nontaxable sale for resale, it may still qualify as a tax-exempt export to a foreign country as explained in [Regulation 1620, Interstate and Foreign Commerce](#). Mexican retailers should experience no change in the application of tax to their transactions, and both regulations above can be found on our website at www.cdtfa.ca.gov.

If you have any questions regarding this change, please contact our Customer Service Center at 1-800-400-7115 (CRS:711). Customer service representatives are available Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.

New Sales and Use Tax Rates Operative October 1, 2020

The tax rate changes listed below apply only within the indicated city limits. The new tax rates, tax codes, and acronyms will be available to view and download as a spreadsheet prior to October 1, 2020, on our [California City & County Sales & Use Tax Rates](#) webpage. Go to our website at www.cdtfa.ca.gov, select [Tax and Fee Rates](#), then choose [Sales and Use Tax Rates](#) (scroll down to [Download](#) for the spreadsheet).

To find the specific tax rate for your area or business location, go to the [California City & County Sales & Use Tax Rates](#) webpage and select [Find a Sales and Use Tax Rate by Address](#) under the [Current Tax Rates](#) section. The new rates will be displayed on October 1, 2020.

DISTRICT TAX RATE INCREASING				
Citywide	New Code	Acronym	Prior Rate	New Rate
City of Blythe (located in Riverside County)	814	BLYK	7.750%	8.750%
City of Hawaiian Gardens (located in Los Angeles County)	788	HAHG	9.500%	10.250%
City of Vernon (located in Los Angeles County)	812	VERV	9.500%	10.250%

San Francisco Office Relocated

On June 30, 2020, we closed our office, located at Two Rincon Center, 121 Spear Street, Suite 460, in San Francisco. Until another office location is established, all San Francisco office operations moved to our Oakland office located at:

1515 Clay Street, Suite 303
Oakland, CA 94612
1-510-906-1604

Rancho Cucamonga Office Closure

On August 31, 2020, we permanently closed our Rancho Cucamonga office, located at 10760 Fourth Street, Suite 200, Rancho Cucamonga, CA 91730. All Rancho Cucamonga office operations moved to our Riverside office located at:

3737 Main Street, Suite 1000
Riverside, CA 92501
1-951-680-6400

New Tax Guides and More Coming Soon!

We recently added two new tax guides, *Alteration or Tailoring, Gun Dealers*, and *Barbers and Beauty Shops*, to our list of industry guides. These two new industry guides will help businesses understand how tax applies to industry related services and sales by covering the most common topics as well as special scenarios that may relate to these industries.

For a complete list of all our industry guides, please see our *Industry & Tax and Fee Guides* at www.cdtfa.ca.gov/industry/.

Sign Up Now Campaign

We are encouraging all taxpayers to *Sign Up Now* at https://onlineservices.cdtfa.ca.gov/_/ for a username and password when using our online services system. Logging in with a username and password allows our staff to better assist you with your account, and provides you access to all the enhanced features of our system, including:

- Managing multiple accounts
- Requesting relief of penalties and interest
- Requesting filing extensions
- Saving banking information
- Updating account information
- Viewing return and payment history
- Receiving alerts and correspondence

If you are using your Limited Access Code to file and pay online, you will be sent a letter, the following month, with the information you need to sign up for a username and password. This letter can be shared with third parties (tax preparers, CPAs, representatives, etc.) to provide them full access to your account(s).

If you need assistance with creating a username and password, please see our [Video Tutorials](#) page or contact our Customer Service Center at 1-800-400-7115 (CRS:711). Customer service representatives are available Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.



Be Counted!

If we're not counted, we won't be seen or heard. Let's use our voice and fight for our families and communities by filling out the #2020Census! Education, healthcare, and infrastructure spending is determined from Census data. Your information is safe, protected, and confidential. Get counted at my2020census.gov or by calling 1-844-330-2020 now!

For More Information

All telephone numbers are toll-free.

Internet

www.cdtfa.ca.gov
www.taxes.ca.gov

Customer Service Center

1-800-400-7115
(CRS:711)

Seller's Permit Verification

1-888-225-5263
www.cdtfa.ca.gov

Taxpayers' Rights Advocate

1-888-324-2798
www.cdtfa.ca.gov/tra

Tax Evasion Hotline

1-888-334-3300

State Legislation

<https://leginfo.legislature.ca.gov/>

More Articles

Available Online

There are occasions when we have more articles than we have space for in this print version of the *Tax Information Bulletin*. The additional articles are available online at www.cdtfa.ca.gov/taxes-and-fees/tax-bulletins.htm.

New and Revised Publications Available Online

For new and revised publications, see our website at www.cdtfa.ca.gov/formspubs/pubs.htm.

Thank you for connecting with us.

