



SPECIAL NOTICE

CALIFORNIA DEPARTMENT
OF TAX AND FEE
ADMINISTRATION
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Sacramento, CA 95814

GAVIN NEWSOM
Governor

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CDTFA WEBSITE
www.cdtfa.ca.gov

CUSTOMER SERVICE CENTER
1-800-400-7115

CRS
711

Local and District Tax Information for Out-of-State Retailers

As a registered out-of-state retailer, we understand that allocating local tax correctly, and knowing the proper district tax rate to collect on your retail sales delivered into California can be complicated. The California Department of Tax and Fee Administration (CDTFA) is here to help with your local and district tax questions. This notice provides general information and examples that may help you better understand local and district taxes.

Local tax

Local taxes are sales and use taxes imposed by local jurisdictions, usually cities or counties, under the Bradley-Burns Uniform Local Sales and Use Tax Law. When you make retail sales in California or for delivery into California, that are not otherwise tax exempt, the sale is subject to the current statewide sales and use tax rate of 7.25 percent, which includes local tax.

When filing your sales and use tax return, you must properly allocate the local tax. This ensures the local jurisdictions will receive the correct funding of local tax. When sales tax does not apply, for example when the sale is made outside the state, use tax generally applies to the use, storage, or other consumption of tangible personal property purchased from a retailer for use in California.

Generally, sales tax transactions should be allocated directly to the local jurisdiction where the sale occurred, using Schedule C; while use tax transactions are usually allocated indirectly to the county of the jurisdiction where the property is used, using Schedule B.

District tax

District taxes are voter-approved transactions (sales) and use taxes imposed by cities, counties, and other local jurisdictions. Total sales and use tax rates are higher than the current statewide sales and use tax rate of 7.25 percent in areas where district taxes are imposed. When filing your sales and use tax return, you must properly report district taxes on Schedule A.

You may be required to collect, report, and pay district tax for property you ship to your California customers in taxing districts where you are “engaged in business.” A retailer is “engaged in business” in a district if the retailer:

- Owns or leases any real or tangible personal property including, but not limited to, a computer server, in the district.
- Maintains, occupies, or uses, directly or indirectly, or through a subsidiary or agent, a permanent or temporary office, place of distribution, sales or sample room, warehouse or storage place, or other physical place of business in the district.
- Has a representative, agent, or independent contractor operating in the district on your behalf or under your authority, or under the authority of a subsidiary, for purpose of making sales, taking orders, assembling or installing merchandise, training customers, making deliveries, or otherwise establishing or maintaining a market for your products.
- Receives rental payments from the leases of tangible personal property located in the district, such as leases of machinery, equipment, and furniture.
- Sells or leases vehicles or undocumented vessels which will be registered in the district.
- Has total combined sales of tangible personal property in California or for delivery in California, by the retailer and all persons related* to the retailer, exceeding \$500,000 in the preceding or current calendar year.

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Therefore, if you are an out-of-state retailer engaged in business in a taxing district, as provided on the previous page, you may also be responsible for applicable district taxes.

**A person is related to a retailer if they have a relationship with the retailer described in Internal Revenue Code section 267(b) and the related regulations.*

District tax rates

You may find the tax rates for each district on our *California City and County Sales and Use Tax Rates* webpage at www.cdtfa.ca.gov/taxes-and-fees/rates.aspx. Our webpage, *Find a Sales and Use Tax Rate*, is also available which provides a look-up tool that allows you to find a tax rate based on an address and can be found at <https://gis.cdtfa.ca.gov/public/maps/taxrates/>.

For more information

We encourage you to read our *Local and District Tax Guide for Retailers* on our website at www.cdtfa.ca.gov/industry/localanddistricttaxes.htm for more information and examples on local and district taxes. If you have questions regarding this notice, you may call our Customer Service Center at 1-800-400-7115 (CRS:711). Customer service representatives are available to assist you Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.