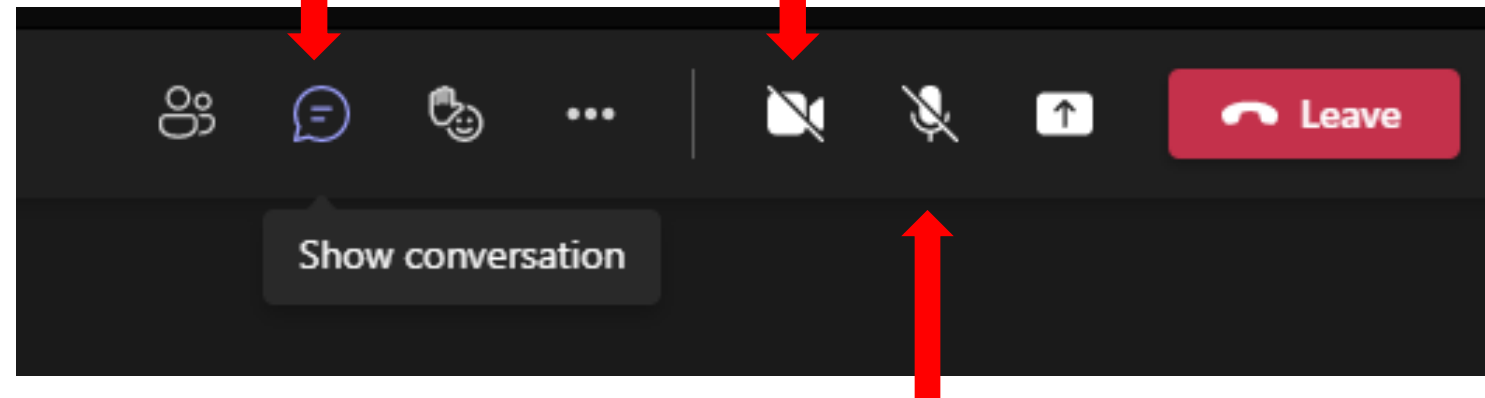




CDTFA
CALIFORNIA DEPARTMENT OF
TAX AND FEE ADMINISTRATION

**Thank you for joining our webinar.
Please turn off your camera and microphone.**

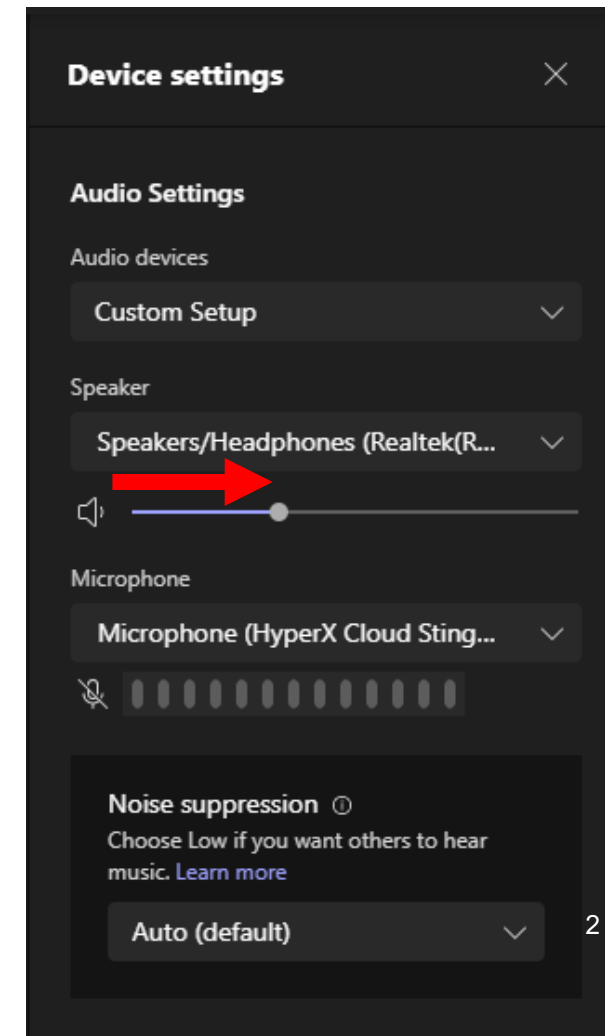
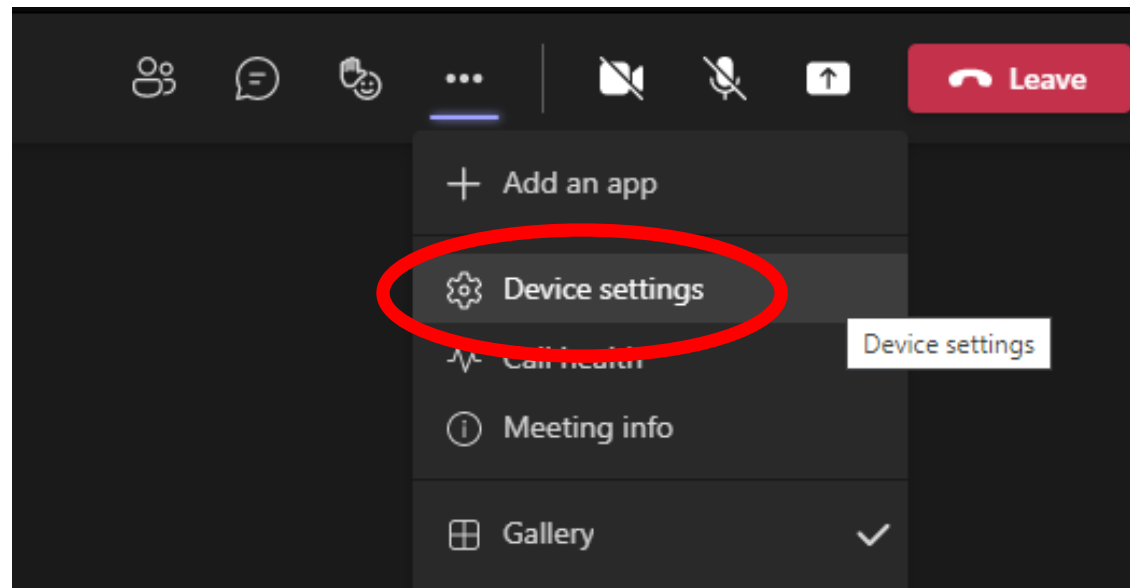


If you have any questions, please submit them in the chat window. To open the chat window, click on the *Show conversation* icon.



CDTFA
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Please be sure the speakers on your computer are turned on and the volume is appropriate for you.



We will begin soon.



CDTFA
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TAX AND FEE ADMINISTRATION

Basic Sales and Use Tax Presentation

www.cdtfa.ca.gov



Presentation Topics

- Sellers' requirements under the Sales and Use Tax Law
- Types of transactions that are subject to tax
- Use of resale certificates
- Common deductions and exemptions
- Accessing CDTFA resources and services

Get It in Writing!

This presentation demonstrates general tax concepts and does not describe every situation. To obtain legally reliable written tax guidance, email us at www.cdtfa.ca.gov/email with the details specific to your business operations.

Please note: The contents of these slides as well as answers provided in the chat during this presentation do not constitute written tax advice that may provide relief from liability under California Revenue and Taxation Code (R&TC) section [6596](#) and [Regulation 1705](#).



What Is a Sale?

A sale is any transfer of title or possession of tangible personal property for consideration.



What Is Sales Tax?

Generally, retail sales of tangible personal property in California are subject to sales tax, unless specifically exempt or excluded by law.

- Sales tax is imposed upon the retailer (seller) on the sale of tangible personal property at retail in California.
- Retailers *may* collect reimbursement for the sales tax from their customers.

What Is Sales Tax?

- Retailers are liable for paying sales tax on their retail sales.
- Retailers may collect sales tax reimbursement from customers on each taxable sale.
- Sales tax is due on the gross receipts from retail sales.

What Is Tangible Personal Property?

Tangible personal property, also referred to as TPP, is any personal property which may be seen, weighed, measured, felt, touched, or which is in any other manner perceptible to the senses. To assist in differentiating between what is TPP and what is not TPP, some examples are provided below.

Tangible Personal Property	NOT Tangible Personal Property
Art, bicycles, toys, and clothing	Digital goods (images, software, music)
Antiques	Real property
Food products	Securities
Furniture	Gift certificates

When Are Sales of Tangible Personal Property Subject to Sales Tax?

- Retail sales of tangible personal property that take place in California are generally subject to sales tax, unless specifically exempt or excluded by law.



Components of the Sales and Use Tax Rate

The Sales and Use Tax rate is made up of:

State Tax	6.00% (2023)
+Local Tax	1.00% (City or county operations)
<u>+Local Tax</u>	<u>0.25% (City or county transportation funds)</u>
	7.25% (Standard or Basic Statewide Tax Rate)
+District Tax	0.125% to ~3.50% (if applicable)

Any city or county with applicable district taxes will have a sales and use tax rate higher than 7.25 percent. A district may impose multiple district taxes, and you may be located in more than one district.

A list of California city and county sales and use tax rates can be found on our webpage at www.cdtfa.ca.gov/formspubs/cdtfa95.pdf.

For a detailed description of the sales and use tax rate, please visit www.cdtfa.ca.gov/taxes-and-fees/sut-rates-description.htm.

District Taxes

What are district taxes?

- District taxes are voter-approved transactions (sales) and use taxes imposed by certain cities, counties, and other government entities. District taxes are not imposed in all areas of California. District tax rates vary between districts.
- District tax applies to the sale or use of tangible personal property in certain areas or “districts.”



For a list of cities and counties with district taxes, please visit our webpage
www.cdtfa.ca.gov/taxes-and-fees/rates.aspx.



District Taxes

Examples of
when a retailer
is engaged in
business in a
district

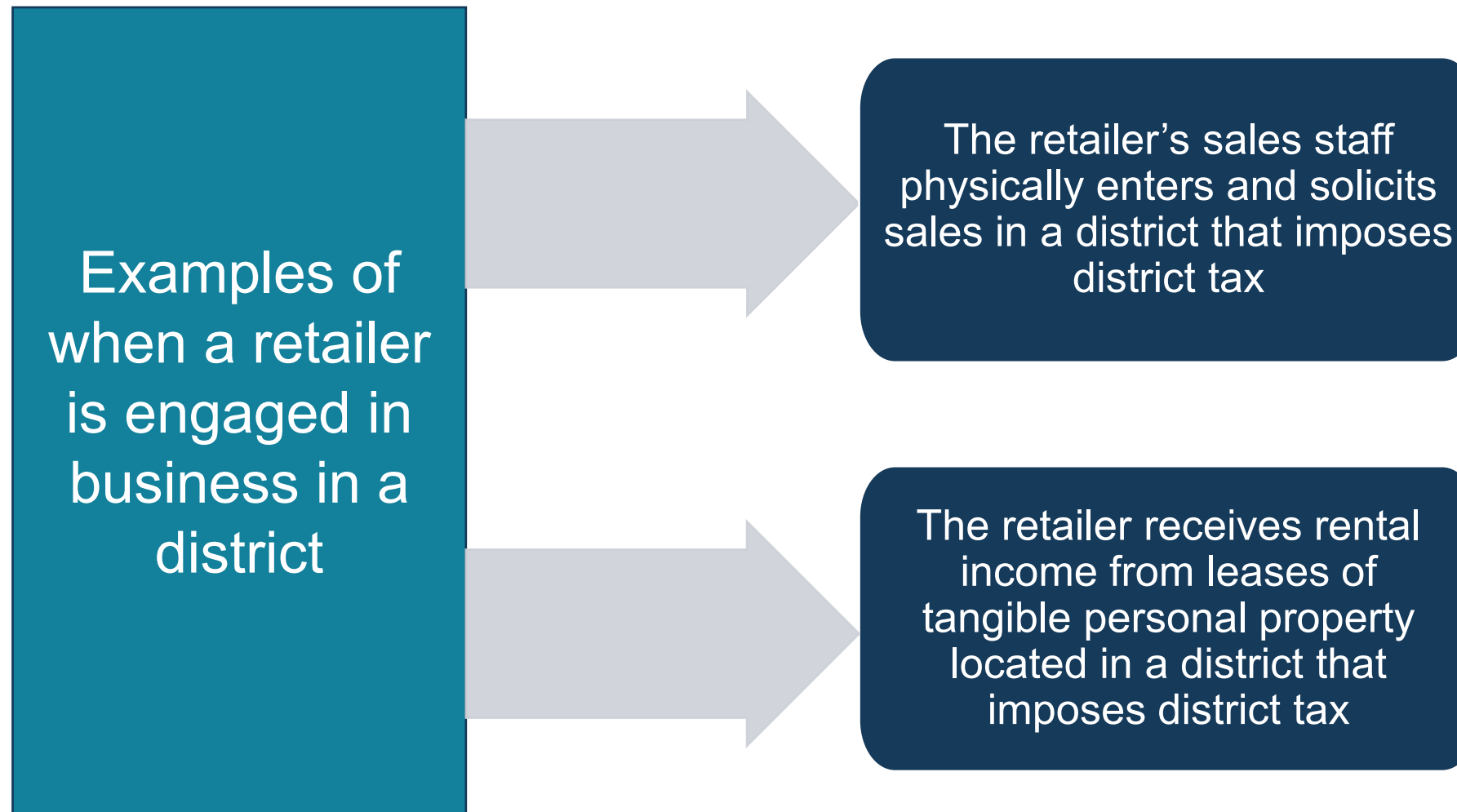
The retailer has total sales in California, or for delivery in California, that exceed \$500,000 during the preceding or current calendar year

The retailer has a location in a district that imposes district taxes

The retailer delivers items in their own truck to a location in a district that imposes district tax




District Taxes






District Taxes



CALIFORNIA DEPARTMENT OF
TAX AND FEE ADMINISTRATION

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Tax Programs ▾
Tax Resources ▾
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California City & County Sales & Use Tax Rates (effective January 1, 2023)

These rates may be outdated. For a list of your current and historical rates, go to the [California City & County Sales & Use Tax Rates webpage](#).

[Look up the current sales and use tax rate by address](#)

Data Last Updated: 12/30/2022

Note: * next to city indicates incorporated city

County: [ALL](#) [A](#) [B](#) [C](#) [D](#) [E](#) [F](#) [G](#) [H](#) [I](#) [J](#) [K](#) [L](#) [M](#) [N](#) [O](#) [P](#) [Q](#) [R](#) [S](#) [T](#) [U](#) [V](#) [W](#) [X](#) [Y](#) [Z](#)

City: [ALL](#) [A](#) [B](#) [C](#) [D](#) [E](#) [F](#) [G](#) [H](#) [I](#) [J](#) [K](#) [L](#) [M](#) [N](#) [O](#) [P](#) [Q](#) [R](#) [S](#) [T](#) [U](#) [V](#) [W](#) [X](#) [Y](#) [Z](#)

Viewing all rates

Location ▲	Rate ⚡	County ⚡
<input style="width: 90%;" type="text" value="Search Location"/>		<input style="width: 90%;" type="text" value="Search County"/>
Acampo	7.750%	San Joaquin
Acton	9.500%	Los Angeles
Adelaida	7.250%	San Luis Obispo

www.cdtfa.ca.gov/taxes-and-fees/rates.aspx



District Taxes

Find a Sales and Use Tax Rate

📍 Enter an Address

Street:

City:

Zip:

Search

Search Results on 8/25/2022

Matched Address	Jurisdiction
450 N St Sacramento, CA 95814	SACRAMENTO

Sales and Use Tax Rate: 8.750%

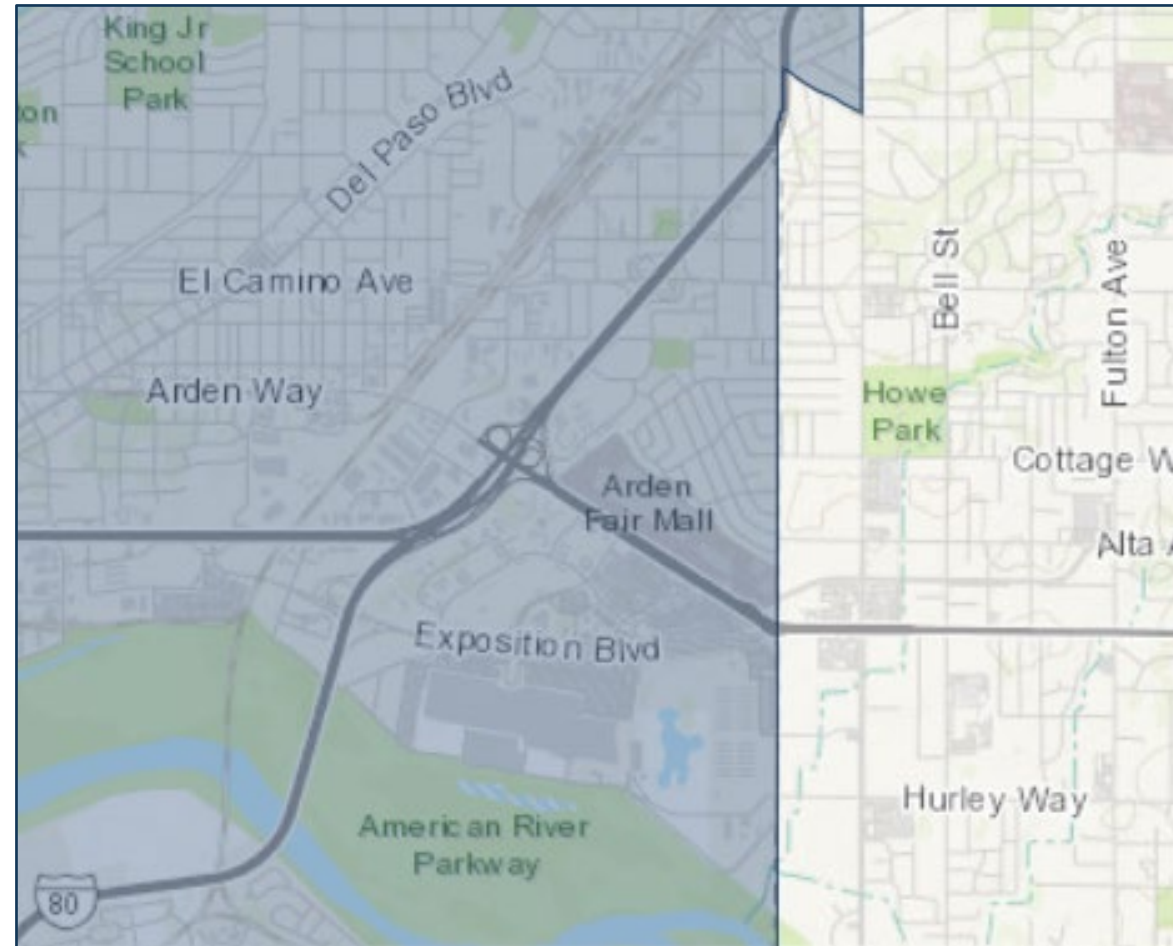
County of Sacramento, Bureau of Land Management, Esri, HERE, Garmin, GeoTechnologies, Inc., USGS, ME... Powered by Esri

The tax rate displayed is for the point shown. Please review the results to ensure that the point shown is the intended location. Also, be aware that tax rates, as well as city and county boundary lines, are subject to change. The rate displayed is based upon the search results and is the rate in effect today.

maps.cdtfa.ca.gov



District Taxes



Who Needs a Seller's Permit?

Any person engaged in the business of selling or leasing tangible personal property that would ordinarily be subject to sales tax if sold at retail, must apply with CDTFA for a seller's permit for each place of business, as required under Regulation [1699](#).

Seller's Permit Fundamentals

A seller's permit:

- Allows a person to make sales in California and issue a resale certificate.
- Must be issued in the business owner's name.
- Must be obtained for each business location.
- Must be posted at the business location in a place that is visible to the public.

A seller's permit does not allow you to purchase items for your own use without payment of tax.





District Taxes

- Retailers that have \$500,000 or more in total gross sales in California, or for delivery into California, in the prior or current calendar year have economic nexus in all districts in California.
- Retailers that have economic nexus must collect district *use* taxes for every district in California, regardless of the seller's physical presence.
- Economic nexus applies to in-state and out-of-state retailers.

Marketplace Facilitator Act

- Starting October 1, 2019, businesses are no longer responsible for collecting tax on sales through a marketplace facilitator.
- The marketplace facilitator is deemed the retailer responsible for collecting the tax at the appropriate rate.
- Businesses that make *all* their sales through a marketplace facilitator are not required to register for a sellers permit or certificate of registration – use tax.



Marketplace Facilitator Sales on Your Tax Return

If some sales are made through a marketplace facilitator, they should be reported as a part of total gross sales, then claimed as “other deduction” on the *Deductions* screen.

Menu Welcome, BOB SMTH [Settings](#) [Log Off](#)

Home > Manage Payments and Returns > 30-JUN-2018 > Sales & Use Tax Return

Account Number: 555-XXXXXX
Filing Period 30-JUN-2018

1. Sales and Purchase Information > 2. State Fair Sales > 3. Deductions

Deductions

Sales to other retailers for resale	20,000.00
Nontaxable sales of food products	0.00
Nontaxable labor (repair and installation)	0.00
Sales to the United States Government	0.00
Sales in interstate or foreign commerce	0.00
Sales tax (if any) included in Gross Sales	0.00

Other Deductions - To enter information, click on a box in the empty row. ? [Filter](#)

Other deduction	Description	Deduction amount
Other	Marketplace Facilitator	24,500
Total deductions		44,500.00

[Save Draft](#) [Cancel](#) [Previous](#) [Next](#)



Benefits of Online Services

onlineservices.cdtfa.ca.gov

- Access and manage your account(s)
- File returns and reports
- Make payments
- Request relief from penalties and interest
- Request filing extensions
- Save bank account information
- View return and payment history
- Sign up to receive alerts and correspondence
- Grant access to your bookkeeper and/or accountant
- File your sales and use tax return, make a payment, make a prepayment, and register in Spanish. Additional programs will be offered in Spanish in the future.

Online Services is available in Spanish. You can file your Sales and Use Tax Return, *Make a Payment, Prepayment, and Register* with the CDTFA entirely in Spanish. Additional programs will be offered in the future.

Use the buttons below to switch languages. Your selection will begin after leaving this page.

English

Español



CDTFA Online Services – Getting Started

The screenshot shows the CDTFA website interface. At the top right, there is a navigation bar with a "Login/Register" button highlighted by a yellow box. Below this, a yellow callout box contains the text: "Start here to *Login* or *Register* a new business". The main content area features three columns: "File a Return & Pay Taxes" with a "File & Make a Payment" button, "Register for" with a "Register Online" button, and "See Tax Rates" with a "See Tax Rates" button. The bottom of the page shows a banner for "SMALL BUSINESS HIRING" with an image of a woman and a man.

www.cdtfa.ca.gov



Online Services

Online Services is available in Spanish. You can file your Sales and Use Tax Return, *Make a Payment, Prepayment, and Register* with the CDTFA entirely in Spanish. Additional programs will be offered in the future.

Use the buttons below to switch languages. Your selection will begin after leaving this page.

[English](#) [Español](#)

Login

Username

Password

[Login](#)

[Forgot Password?](#)

[Forgot Username?](#)

Create a Username

[Sign Up Now](#)

Express Login

Express Login Code is now called Limited Access Code. Limited Access Code allows you to file a return or make a payment without creating a username.

[File a Return](#)

[Make a Prepayment](#)

[Make a Payment](#)

To view your account status, account history, or make changes to your account, please log in using your username and password or click the "Sign Up Now" link to create a new username.



Online Services

Overview

Registrations

File a Return

Payments

Request Relief

Payment Plan

Resources

Tutorials

New Online Services System Expands November 2020

The California Department of Tax and Fee Administration (CDTFA) is pleased to announce that our new online services system includes all the tax and fee programs we administer. In November 2020, the remaining tax and fee programs listed below will be added to the system.

Open All

Close All

+ Tax and Fee Programs Included in the Final Phase in November 2020

Register for an Online Services Profile

[Sign Up Now](#) to start the enrollment process. You will be prompted to create a username and password. Once your profile is created, you will be able to:

- > File or view a return
- > Make or view a payment
- > Update account information
- > File an appeal
- > Make a request for relief or request an extension
- > Track and obtain correspondence with the CDTFA
- > Access and manage multiple accounts under one login
- > Register a new location

Note: Ability is based on account type and access level.

Log In

This page will guide you to the activity you wish to accomplish.

www.cdtfa.ca.gov/services/#Overview



Online Services

The screenshot shows the CDTFA online services portal. At the top, there are links for 'Forgot Password?', 'Forgot Username?', and 'Create a Username' with a 'Sign Up Now' button. To the right, there is a 'Make a Payment' button and a text box stating: 'To view your account status, account history, or make changes to your account, please log in using your username and password or click the "Sign Up Now" link to create a new username.' Below this is a navigation menu with three sections: 'Registration', 'Limited Access Functions', and 'Payments'. The 'Registration' section is highlighted with a yellow box, and the 'Register a New Business Activity' link is also highlighted with a yellow box. A yellow callout box points to this link with the text: 'New business owners, register your business here.'

Registration	Limited Access Functions	Payments
Register a New Business Activity	File a Return	Make a Payment
Register for an International Fuel Tax Agreement (IFTA) Account	Make a Prepayment	Direct My Federal Tax Payment
Register for Alternative Flat Rate Decals for Private Passenger Vehicles	Retrieve a Saved Request	Verify a Sales Tax Payment
Request a Fuel Trip Permit	Respond to a Letter/Inquiry	ACH Credit Statement
Print Fuel Trip Permit(s)	Request Use Tax Clearance for Registration with DMV/HCD	Request a Payment



Online Services

Menu

Home > New Business Application > Confirmation

Confirmation

This request has been submitted and is being processed.

To check on the status of this request in the future, please use email: [REDACTED] and confirmation number: [REDACTED]

The confirmation number cannot be retrieved once you leave this page. Please make a note of the confirmation number or click on 'View' button below to print this screen for your records.

Printable View (PDF)

Registration Application Status

"I'm Done"

Select this option to view your application status and to start your process to access your account online.

Online Services

☰ Menu

Home > New Business Application > Confirmation > Check your Registration Status

Thank you for submitting your application.

Your Registration with the CDTFA successfully processed.

New Accounts

Account Type	Account Number	Limited Access Code
Sales and Use Tax	[REDACTED]	[REDACTED]

You must sign up for a user name to view your account status, account history, or make changes to your account.

[Sign up now.](#)

Approved Seller's Permits [Print Permit\(s\)](#) [Filter](#)

Type	Account Number	Location ID	Address
Seller's Permit	[REDACTED]	00001	[REDACTED]

Select *Sign up now*

[Understanding Your Rights as a California Taxpayer](#)

[Privacy Notice](#)

[Get It in Writing](#)

[California Employer's Guide](#)

[Online Services Guide](#)

[Appeals Procedures](#)



Online Services

Menu

Home

Login

Username

Password

Login

Create a Username to get access to **all** online functions

Create a Username

Sign Up Now

Express Login

Express Login Code is now called *Limited Access Code*. *Limited Access Code* allows you to file a return or make a payment without creating a username.

File a Return

Make a Prepayment

Make a Payment

To view your account status, account history, or make changes to your account, please log in using your username and password or click the "Sign Up Now" link to create a new username.



Online Services

Menu

Home

Use username and password for *full* access to online services.

Login

Username

Password

Login

Forgot Password?

Forgot Username?

Create a Username

Sign Up Now

Express Login

Express Login Code is now called *Limited Access Code*. *Limited Access Code* allows you to file a return or make a payment without creating a username.

File a Return

Make a Prepayment

Make a Payment

To view your account status, account history, or make changes to your account, please log in using your username and password or click the "Sign Up Now" link to create a new username.

Who Else May Need to Register?

You are considered a “qualified purchaser” if any of the following conditions apply to your business operations:

- Prior to January 1, 2024, you received at least \$100,000 in gross receipts from business operations per calendar year.
- Beginning January 1, 2024, through December 31, 2028, you make more than \$10,000 in purchases subject to use tax (excluding vehicles, vessels, and aircraft) per calendar year if the use tax imposed on those purchases has not been paid to a retailer engaged in business in this state or authorized to collect the tax.
- Beginning January 1, 2029, you receive at least \$100,000 in gross receipts from business operations per calendar year.

Who Else May Need to Register?

You may need to register for a *Qualified Purchaser* use tax account if you are a qualified purchaser and:

- You are not required to hold a seller's permit or certificate of registration for use tax.
- You do not hold a use tax direct payment permit as described in R&TC section 7051.3.
- You are not otherwise registered with CDTFA to report use tax.



Additional Licenses and Accounts Required by the CDTFA

Examples:

- Cigarette license
- eWaste
- Tire fee
- Underground storage tank





Common Exemptions, Exclusions, and Deductions



Sales for Resale



Food Products



Labor



Sales to the U.S. Government



Sales in Interstate and Foreign Commerce



Sales Tax Included in Gross Receipts



Sales for Resale

- Sales of items for resale are not subject to sales or use tax.
- The burden is on the seller to prove that tangible personal property sold is intended for resale.
- The seller must obtain documentation, like a resale certificate, from the purchaser to verify that the sale of tangible personal property is for resale.
- The resale certificate must be accepted by the seller in good faith and in a timely manner.

Documentation of Sales for Resale

Common ways to document sales for resale:

- [CDTFA-230](#), *California Resale Certificate*
- A purchase order containing all the essential elements of a resale certificate



Sales for Resale

Resale Certificate

Form CDTFA-230

[Publication 103](#), *Sales for Resale*

CDTFA-230 REV. 1 (8-17) STATE OF CALIFORNIA
GENERAL RESALE CERTIFICATE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

California Resale Certificate

I HEREBY CERTIFY:

- I hold valid seller's permit number: _____
- I am engaged in the business of selling the following type of tangible personal property:

- This certificate is for the purchase from _____ of the item(s) I have
(Vendor's name)
 listed in paragraph 5 below.
- I will resell the item(s) listed in paragraph 5, which I am purchasing under this resale certificate in the form of tangible personal property in the regular course of my business operations, and I will do so prior to making any use of the item(s) other than demonstration and display while holding the item(s) for sale in the regular course of my business. I understand that if I use the item(s) purchased under this certificate in any manner other than as just described, I will owe use tax based on each item's purchase price or as otherwise provided by law.
- Description of property to be purchased for resale:

- I have read and understand the following:
For Your Information: A person may be guilty of a misdemeanor under Revenue and Taxation Code section 6094.5 if the purchaser knows at the time of purchase that he or she will not resell the purchased item prior to any use (other than retention, demonstration, or display while holding it for resale) and he or she furnishes a resale certificate to avoid payment to the seller of an amount as tax. Additionally, a person misusing a resale certificate for personal gain or to evade the payment of tax is liable, for each purchase, for the tax that would have been due, plus a penalty of 10 percent of the tax or \$500, whichever is more.

NAME OF PURCHASER

SIGNATURE OF PURCHASER, PURCHASER'S EMPLOYEE OR AUTHORIZED REPRESENTATIVE

PRINTED NAME OF PURCHASER TITLE

ADDRESS OF PURCHASER

TELEPHONE NUMBER DATE

CLEAR PRINT

Essential Elements of a Resale Certificate

- Name and address of the purchaser's business.
- Purchaser's seller's permit number, if applicable.
- Description of the property to be purchased.
- A statement that the described property is being purchased for resale.
- Date of the sale for resale.
- Signature of the purchaser, purchaser's employee, or authorized representative.

In the absence of evidence to the contrary, the seller will be presumed to have taken a resale certificate in good faith if it contains the essential elements and otherwise appears to be valid on its face.

Purchase Order Used as a Resale Certificate

ABC Company		1234 Easy Street Sacramento, CA 95814	
PURCHASE ORDER			
<input checked="" type="checkbox"/> For Resale	99-999999	Number - 123456	
<input type="checkbox"/> Taxable		Date -3/5/00	
4000	Widgets	\$2.00 each	\$8000.00
<i>ABC Company Signature</i>			

- Must specifically state “For Resale” or other similar language.
- Must also contain all the essential elements required for a resale certificate.

Resale Certificate

If the purchaser is not required to hold a seller's permit because they only sell items that are not taxable, an appropriate notation to that effect should be entered instead of a seller's permit number on the resale or exemption certificate.

Examples:

- Food products for human consumption
- Sales in interstate or foreign commerce

Exemption Certificate

- Similar to a resale certificate.
- Issued when items will be used in a manner that qualifies the sale to be exempt from sales tax or use tax.
- If the purchaser does not have a seller's permit, the reason why the purchaser is not required to hold a seller's permit must be written on the certificate.



Sample Exemption Certificate

California Sales Tax Exemption Certificate

NATIONAL PRODUCE DISTRIBUTING

(Name of Purchaser)

6150 VAN NUYS BOULEVARD, VAN NUYS, CA

(Address of Purchaser)

I HEREBY CERTIFY: That I hold valid seller's permit No. NOT REQUIRED (sales of produce are not subject to tax) issued pursuant to the Sales and Use Tax Law; that I am engaged in the business of selling FRESH PRODUCE that the tangible property described herein which I shall purchase from CANOGA FARMS will be used as PACKAGING FOOD FOR HUMAN CONSUMPTION. I understand that if the property is used for some other manner or some other purpose, I am required by the Sales and Use Tax Law to report and pay any applicable sales or use tax.

Description of the property to be purchased: BASKETS & BOXES FOR FOOD ITEMS

Date: Jan. 30, 2012

Farmer Bob Jones

(Signature of Purchaser or Authorized Agent)

PRESIDENT

(Title)



Sales for Resale—Misuse

The misuse of a resale certificate is a *misdemeanor*.

The penalty is \$500 or 10% of the amount of *tax per transaction*, whichever is greater.

In addition to the penalty, another 10% for negligence or 25% for fraud may apply.



Verifying a Seller's Permit



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



Search the CDTFA database



Download the free CDTFA app for your mobile or smart device



Food Products

Nontaxable



General Food Products



Cold food to-go

Taxable



Cold food sold for consumption at place of business



Hot prepared food products



Nonfood Products

Sales tax generally applies to sales of:

Carbonated or
Effervescent Water



Carbonated Beverages



Pet Foods



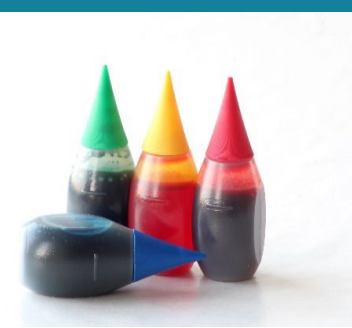
Dietary Supplements



Alcoholic Beverages



Coloring Extract



Ice



Food Products

Generally, tax does not apply to sales of food products for human consumption unless specified by law.



Sales of Food Products

80/80 Rule

The “80/80 rule” applies when more than 80 percent of your sales are food products and more than 80 percent of your sales of food products are taxable.

If both criteria are met, tax applies to your sales of cold food products (including sales for a separate price of hot baked goods and hot beverages such as coffee), when they are sold in a form suitable for consumption on the premises, even if the food products are sold on a take-out or to-go order.

Sales of Food Products

80/80 Rule

Although both criteria of the 80/80 rule may be met, you may elect to account separately for to-go orders of cold food products. Such sales include:

- Cold food products
- Hot baked goods and hot beverages that are sold for a separate price

Taxable and nontaxable sales must be separately accounted for and supported by documents such as guest checks and cash register tapes.

Sales of Food Products

80/80 Rule

You must report and pay tax on all food and beverages sold to go unless:

- The sale is nontaxable.
- You make a special election not to report tax on to-go sales even though your sales may meet both criteria of the 80/80 rule. Such sales include:
 - Cold food products
 - Hot baked goods and hot beverages that are sold for a separate price

Sales of Food Products

80/80 Rule

Examples of sales of cold food products *in a form that is not suitable for consumption on the premises.*

- When it requires further processing by the customer:
 - a frozen pizza
- When it is sold in a size not ordinarily consumed by one person:
 - a quart of potato salad
 - a quart of ice cream
 - a whole pie

Repair and Installation Labor

Nontaxable

- Repair
- Installation



Fabrication and Assembly Labor

Taxable



Fabrication and assembly labor are taxable!
Fabrication labor is work done in creating, producing, processing, or assembling a product.



Government Sales

Nontaxable

- Federal Agencies

Taxable

- Local and State Agencies



Sales Delivered Outside California

Sales tax generally does not apply to your transaction when you sell a product and ship it directly to the purchaser at an out-of-state location for use outside of California.



Sales Tax Included in Price

- There must be a clear notice to customers that tax has been included in the sales price.
- If the amount you reported as gross receipts includes sales tax, you must deduct “sales tax included” or report the calculated ex-tax gross receipts and take no deduction.

Sales Tax Included in Price

When tax is included in your sales price and you wish to calculate the amount without tax, divide the sales price, or your receipts, by 1+ the tax rate.

Example with 7.25% tax rate

$\$10.00$ total sale \div 1.0725 = $\$9.32$ is the amount
without tax

$\$10.00 - \$9.32 = \$0.68$ tax included

Drop Shipments

A **drop shipper** is usually a supplier that delivers merchandise to California consumers on behalf of a retailer that is not engaged in business in California pursuant to Revenue and Taxation Code section 6203.

Such transaction is known as a **drop shipment** and the retailer who is not engaged in business in California is known as a **true retailer**. Generally, a drop shipment involves **two separate transactions** involving the true retailer:

1. The true retailer contracts to sell tangible personal property to a consumer

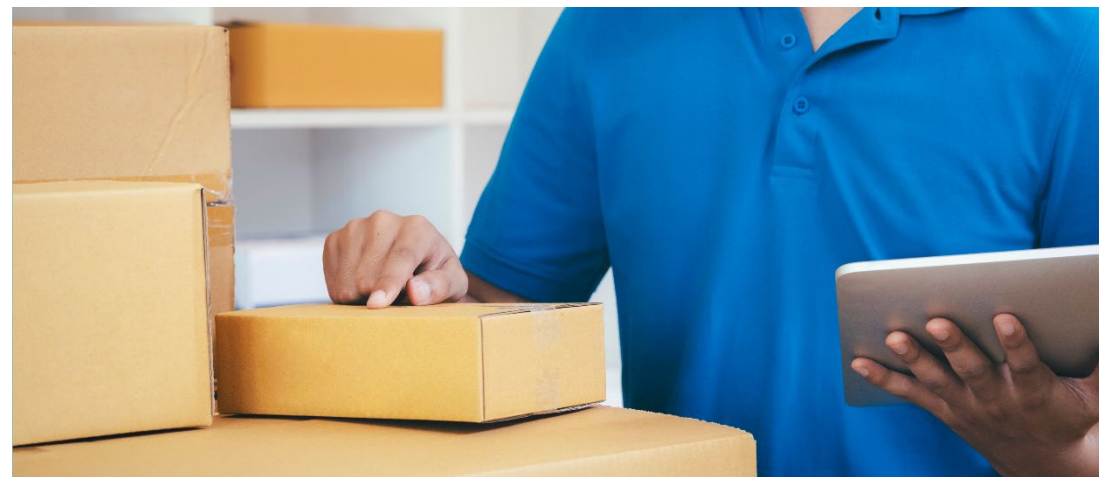
and

2. The true retailer contracts with a supplier to purchase such tangible personal property and instructs the supplier to ship the property to the consumer

A drop shipper is engaged in business in California and is liable for the tax; they must report and pay the tax to California. The tax is based on the retail selling price of the merchandise paid by the California consumer to the true retailer. If the selling price is unknown, the drop shipper can calculate tax based on their selling price with a mark-up of 10%.

Shipping and Handling

Generally, when a sale is not a taxable transaction, any related charges would also not be taxable. However, when a sale is a taxable transaction, the delivery-related charges may be nontaxable, partially taxable, or fully taxable.



Shipping and Handling Nontaxable Delivery Charges

For taxable sales, a delivery-related charge is not taxable when all the following are met:

1. You ship directly to the purchaser by contract carrier, U.S. mail, or common carrier;



2. Your invoice clearly lists delivery, shipping, freight, or postage as a separate charge; and



3. The charge (or portion of the charge) is not greater than your actual cost *for the delivery* to the customer.

Shipping and Handling Nontaxable Delivery Charges

If a delivery is made by the facilities of the retailer OR for a delivery price, the charge for the delivery is nontaxable when:

- The transportation charges are separately stated,
- The transportation is from the retailer's place of business or other point from which shipment is made directly to the purchaser, and
- The transportation occurs after the sale of the property is made to the purchaser.



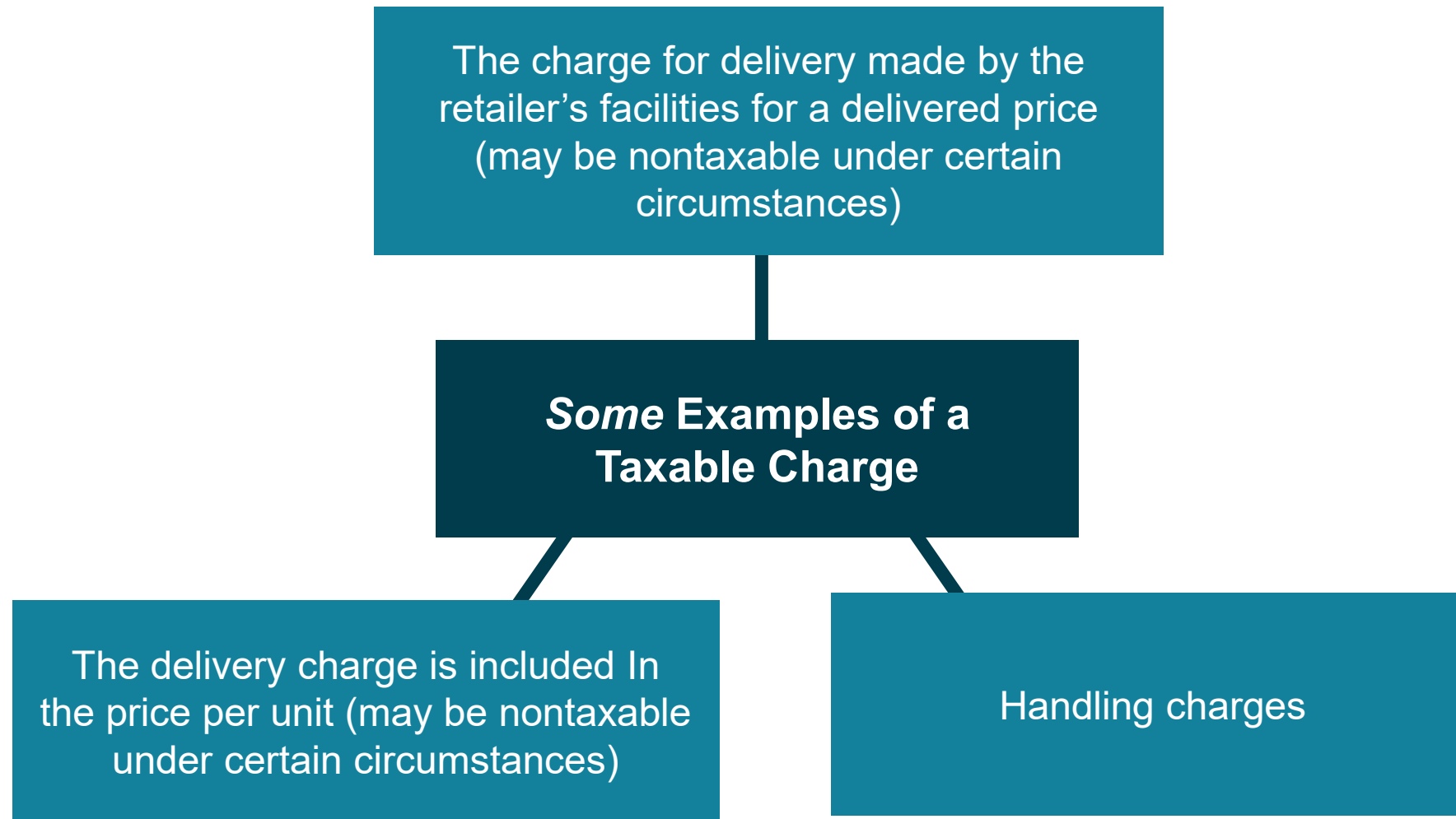
Shipping and Handling Partially Taxable Delivery Charges

If a delivery is for a taxable item, the charge for the delivery is partially taxable when:

- Your charge to the customer for the delivery is greater than your actual cost for the delivery. The portion of the delivery charge that is greater than your actual delivery cost is taxable.
 - *Please note:* Your records must show your actual cost of delivery. The delivery charge should be separately stated on the invoice.
- You make one combined charge for “shipping and handling” or “postage and handling.” Handling portion of charge is taxable.



Shipping and Handling When Charges are Taxable





Other Exemptions and Deductions

- **Bad Debts**—Deductible only for previously reported taxable sales that have been charged off.
- **Tax-Paid Purchases Resold Prior to Use**—Deduction that can be taken when the retailer makes a purchase intending to use the property, but later resells it before making any use of it.
- **Returned Taxable Merchandise**—Deduction that can be taken when the retailer must refund the customer's entire sales amount including sales tax.
- **Numerous Other Exemptions**—See [publication 61](#), *Sales and Use Taxes: Tax Expenditures*.

Manufacturing, R&D Exemption

- Certain manufacturers and businesses involved in research and development can obtain a partial exemption from sales and use tax on certain equipment purchases and leases.
- The partial exemption rate applies to the sale or lease of *qualified* tangible personal property during the period **July 1, 2014, to July 1, 2030**.
- The **partial exemption rate is 3.9375%**. *Qualified* purchases and leases will incur a **reduced sales tax rate of 3.3125%**, plus any applicable district taxes.

Manufacturing, R&D Exemption

Includes those involved in manufacturing, biotechnology, and other physical, engineering, and life science research and development, as classified under NAICS Codes 3111-3399, plus 541711 and 541712.



The screenshot shows the United States Census Bureau website's NAICS Search/Tools page. The page title is "North American Industry Classification System". The navigation menu includes "Main", "History", "Development Partners", "Federal Register Notices", "NAPCS", and "FAQs". The "NAICS Search" section has three search boxes for "2012 NAICS Search", "2007 NAICS Search", and "2002 NAICS Search". The "2012 NAICS Definition" section states "T = Canadian, Mexican, and United States industries are comparable." and shows "Search results for: 31" with "Number of records found: 652". The results list includes "31-33 Manufacturing^T", "311 Food Manufacturing^T", "3111 Animal Food Manufacturing^T", "31111 Animal Food Manufacturing^T", "311111 Dog and Cat Food Manufacturing", and "311119 Other Animal Food Manufacturing".

Manufacturing, R&D Partial Exemption Qualifications

Qualified Persons

Qualified persons are generally persons or establishments that are primarily engaged in:

- Manufacturing
- Research and Development
- Electric Power Generation and Distribution

Qualified Property

Generally, includes:

- Machinery and equipment used in manufacturing or research and development, with a useful life of at least one year.
- Materials, fixtures, machinery and equipment furnished and installed in the construction of special purpose buildings specially designed and constructed for use in manufacturing or research and development.
- Special purpose buildings and foundations used as an integral part of the generation or production, or storage and distribution of electric power.

Manufacturing, R&D Partial Exemption Qualifications

QUALIFIED USES

Qualified property that is used at least 50 percent of the time in:

- Manufacturing,
- Processing,
- Refining,
- Fabricating,
- Recycling, or
- Research and development.
- Generation or production, or storage and distribution of electric power.
- Maintenance, repair, measurement, or testing any qualified tangible personal property.

For more information, please visit the [*Tax Guide for Manufacturing and Research & Development Equipment Exemption*](#) located on the CDTFA website.

How Does the Cannabis Tax Law Affect You?

- Sellers of cannabis and cannabis products must register with the CDTFA for a Seller's Permit to report and pay their sales and use tax due.
- Distributors of cannabis and cannabis products must register with the CDTFA for a Cannabis Tax Permit to report and pay the two new cannabis excise and cultivation taxes. The Cannabis Tax Permit is required in addition to the Seller's Permit a distributor may have.





Certain Sales of Medicinal Cannabis are Exempt from Sales and Use Tax

- Retail sales of medicinal cannabis (as defined) to a qualified patient or his/her caregiver who provides a valid Medical Marijuana Identification Card (MMIC) issued by the CA Department of Public Health (CDPH) and a valid government-issued identification card (ID) are exempt from sales and use tax.
- Such qualified patients or their primary caregivers must show their valid MMIC and valid government-issued ID to the retailer at the time of purchase for the sales and use tax exemption to apply.

Sales and Use Tax Exemption

- The MMIC must be issued by CDPH; other marijuana or cannabis cards or recommendations from physicians are not sufficient to qualify for the sales tax exemption.



For more information, you may visit our online [Tax Guide for Cannabis Businesses](#) on our website at www.cdtfa.ca.gov.



Charitable or Nonprofit Organizations

In general, sales to and sales by, charitable or nonprofit organizations are subject to tax.

A limited number of narrow exemptions are specified by statutes and regulations.

You may find out more about nonprofit organizations on our website.



What Is Use Tax?

- Use tax generally applies to items purchased or sold without tax when those items will be used, stored, consumed, or given away in California.
- Out-of-state retailers “engaged in business” in California must collect and pay use tax on items sold to California consumers.



How Do I Know if I Owe Use Tax?

Use tax may be due from you, as the buyer, under the following circumstances:

- You purchased an item from out-of-state without payment of tax and used the item in California.

OR

- You purchased an item for resale without payment of California sales or use tax, but then withdrew the item from resale inventory for your own personal or professional use.

Common Ways of Reporting and Paying California Use Tax

Use tax can be reported and paid in the following ways:

- On a Sales and Use Tax Return.
- On a Consumer Use Tax Return.
- On a Qualified Purchaser Use Tax Return.
 - Qualified purchasers are those who receive at least \$100,000 per calendar year in gross receipts from business operations and are not otherwise required to register with CDTFA.
- On a California Individual Income Tax Return filed with the Franchise Tax Board.
- On our CDTFA mobile app or through our online services for one-time purchases.

Estimated Use Tax Lookup Table

- California Franchise Tax Board (FTB) offers the *Use Tax Lookup Table* for individuals reporting their use tax (and not for businesses).
- Use tax for any number of purchases less than \$1,000 is estimated based on your California adjusted gross income.
- Use tax for individual items purchased for \$1,000 or more must be calculated separately.
- The table and instructions are provided in the FTB forms 540, 540A, and 540EZ.

Tax Return Filing Requirements

When you are issued a Seller's Permit, the CDTFA will assign you a reporting basis, based on the information you furnished:

**Yearly
(Calendar Year)**

**Fiscal Yearly
(July 1 - June 30)**

**Quarterly
(Calendar Quarters)**

**Quarterly
Prepayment**

**Quarterly Prepayment with EFT
(Electronic Funds Transfer)**

- A tax return (with payment, if applicable) is due for each period.
- If no sales are made, you must file a "0" tax return.
- Electronic filing is the CDTFA preferred method for filing. Some tax programs require electronic filing.



Penalties

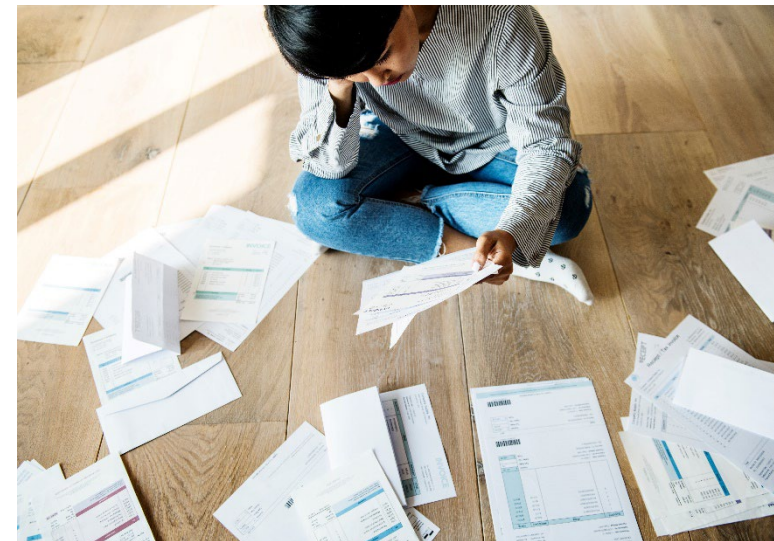
Penalty assessed for	Percentage of tax due
Failing to make a prepayment	6%
Making a late prepayment	6%
Failing to file a return	10%
Filing a late return	10%
Making a late payment	10%
Making a payment using a method other than Electronic Funds Transfer (EFT) on an account required to pay by EFT	10%

Penalties are based on tax due.



Recordkeeping

- Tax records must be maintained for at least four years.
- Failure to maintain records will be considered evidence of negligence or intent to evade tax and may result in penalties.





Recordkeeping

Purchases

- Purchase invoices and receipts
- Purchase journals
- Cancelled checks
- Credit card statements

Sales

- Sales and lease contracts and agreements
- Sales invoices, cash register tapes, and receipts
- Sales journals and sales summary journals
- Purchase orders

Exemptions

- Resale certificates
- Exemption certificates
- Shipping documents
- Government invoices

Your Responsibilities

- R** - Report a sale in the return period that the sale took place, even if proceeds from that sale are received during another return period.
- A** - Advise us of changes in:
- Business ownership
 - Business location, mailing address(es), or email address(es)
- P** - Pay all sales tax due, even if your customer does not pay the tax to you.



Online Seminars Are Available

www.cdtfa.ca.gov/seminar

Tax Education Events

To ensure the health and safety of our customers and team members, until further notice all in-person classes have shifted to the live MS TEAMS webinars listed below. Pre-recorded videos on a variety of tax topics are also available via our [Online Seminars webpage](#).

Para garantizar la salud y seguridad de nuestros clientes y miembros de nuestro equipo y hasta nuevo aviso, las clases "en persona" serán reemplazadas con Seminarios Web en la plataforma de MS Teams, abajo podrá ver un listado de los seminarios que tenemos disponibles para usted. De igual forma, en nuestra página de internet de [Online Seminars](#) (Seminarios en línea) contamos con videos pre-grabados en una gran variedad de temas de impuestos.

Upcoming Events

Events Calendar

Cigarette and Tobacco

International Fuel Tax Agreement

Sales Tax Education

Speakers Bureau

In-Person Seminars, Classes, Clinics, and Workshops

For more resources, please see [Online Seminars](#).

Filter the events below by month, location, etc.

Webinars and Classes: [Basic Sales & Use Tax Webinar](#) | [Seminario Web Basico de Impuestos sobre las Ventas y el Uso](#) | [Sales Tax Return Preparation Webinar](#) | [Basic Sales & Use Tax AND Tax Return Preparation Webinar \(combined\)](#) | [Basic Recordkeeping Webinar](#) | [Food Industry Webinar](#) | [Internet and Home-Based Businesses Webinar](#) | [Manufacturing and Research & Development Equipment Exemption Webinar](#) | [Sales and Use Tax for Auto Repair Shops Webinar](#) | [Sales and Use Tax for Construction Contractors Webinar](#) | [Sales and Use Tax for Interior Designers and Decorators Webinar](#) | [Nonprofit](#) | [What to Expect During an Audit Webinar](#) | [Sales and Use Tax for Liquor Stores Webinar](#) | [Cannabis Business Tax Webinar](#) | [Motor Vehicle Dealers Webinar](#) | [Partial Tax Exemptions for the Agriculture Industry Webinar](#) |



CDTFA Offices

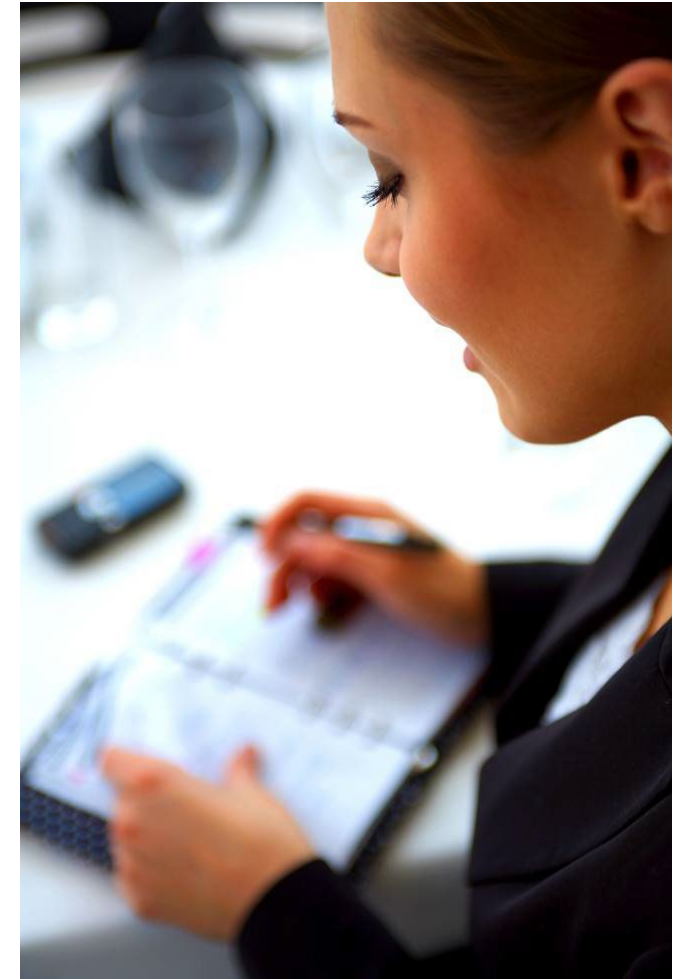
- Contact your nearest office to receive assistance with your sales and use tax account.
- A listing of our office locations and their contact information is available on our website www.cdtfa.ca.gov. From our homepage, scroll to the bottom and click on *Office Locations* under the *Contact Us* section.





Taxpayer Education Consultation Program

- Free consultations are available during the first year of your business.
- A trained CDTFA team member will review your business operation and recordkeeping system.
- Call your local CDTFA office to make an appointment for one-on-one assistance.
- Find contact information for your local CDTFA office under the *Contact Us* section located at the bottom of our website, www.cdtfa.ca.gov.





Industry and Tax and Fee Guides



- Industry and Tax and Fee Guides explain to business owners and operators how taxes and fees apply to their industry, answer frequently asked questions, discuss common exemptions, and contain lists of other references.
- A select number of guides are available in Spanish.
- We are constantly updating our guides and adding new ones. Be sure to check back frequently for the latest information.

www.cdtfa.ca.gov/industry



Industry and Tax and Fee Guides

Industry Guides

Agricultural Industry
Auto Repair Garages
Barbers and Beauty Shops
Beer Brewers and Distributors
Cannabis Businesses
Caterers
Construction Contractors

Tax and Fee Guides

Cigarette and Tobacco Products
Film and Television
Lead-Acid Battery Fees
Lumber Products Assessment
Manufacturing and Research & Development
Equipment Exemption

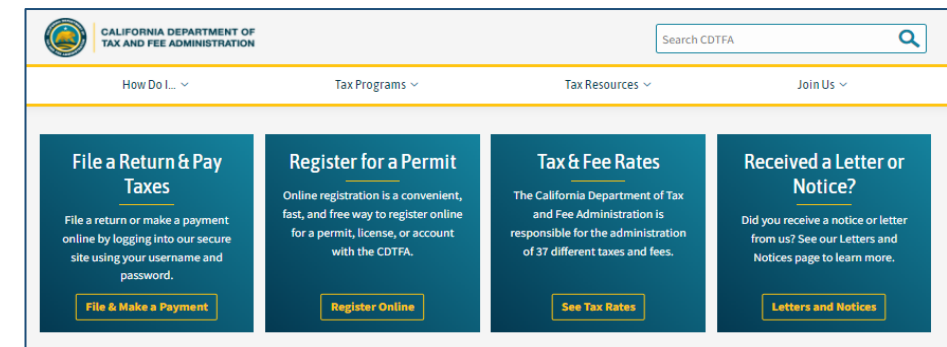
Other Guides

American Indian Tribal Issues
Home-Based Businesses
New Permit and License Holders
State-Designated Fairgrounds
Tax Practitioners
Temporary Sellers

CDTFA's Website

On www.cdtfa.ca.gov, you can:

- Register for a California seller's permit.
- Apply for a license or account for most CDTFA-administered tax or fee programs.
- Verify a CDTFA-administered permit, license, or account.
- File a return.
- Make a payment.
- Locate events such as:
 - Small business seminars
 - Basic sales and use tax classes and industry-specific tax classes





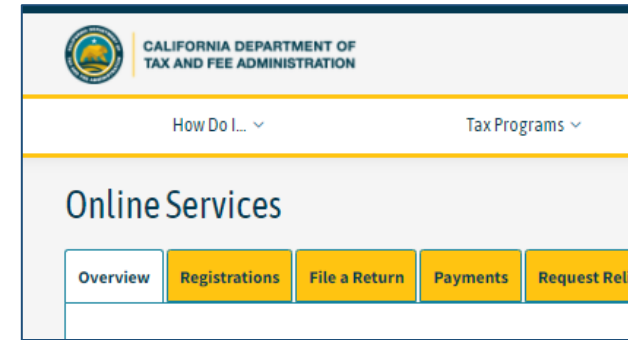
CDTFA's Website

Find:

- Online services
- Online tutorials
- Sales and use tax rates
- Special Notices
- Special tax and fee program rates

View:

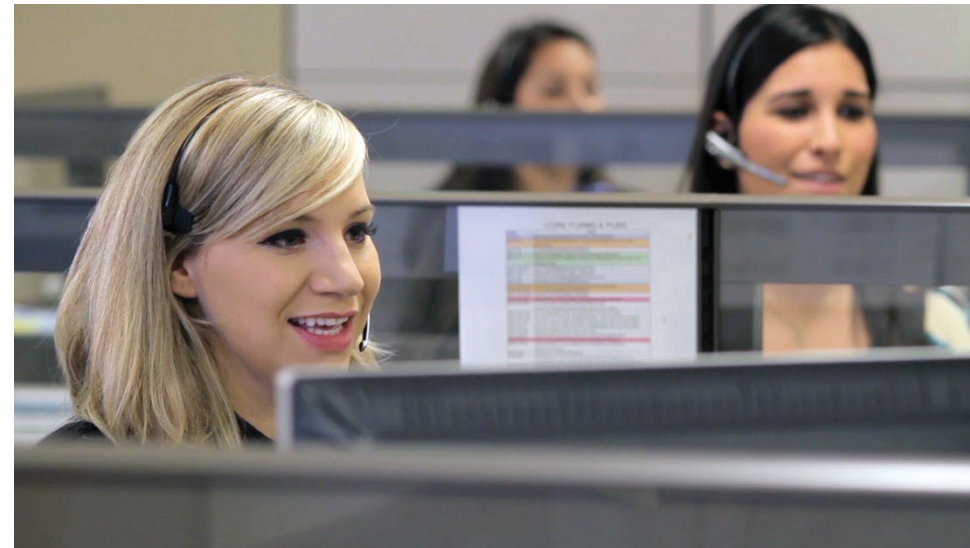
- Forms
- Industry & Tax and Fee Guides
- Publications
- Reports





Customer Service

- Call our Customer Service Center at 1-800-400-7115.
- CRS:711 is available for the hearing and speech impaired.
- Customer service representatives are available Monday through Friday from 7:30 a.m. to 5:00 p.m. (Pacific time), except state holidays.
- Customer service representatives can:
 - Walk you through the return preparation process
 - Walk you through the registration process
 - Answer general tax questions



Customer Service

We now offer a **live online chat service** to quickly answer general tax and fee questions and to provide help with our Online Services.

- To initiate a chat session, visit our website at www.cdtfa.ca.gov and click on the *Chat* icon located on the lower right corner of our homepage. You can also visit the *How to Contact Us* page at www.cdtfa.ca.gov/contact.htm and select the option *Online Chat*.
- If you are initiating a chat from Monday through Friday during the hours of 7:30 a.m. and 5:00 p.m. (Pacific time), except state holidays, the chat service will connect you with a customer service representative.
- If it is outside regular customer service hours, our ChatBot will direct you to the information you need.



Taxpayers' Rights Advocate

1-888-324-2798

If you are unable to resolve any tax issues through normal channels with CDTFA or if you would like more information regarding your rights, contact the Taxpayers' Rights Advocate Office at www.cdtfa.ca.gov/tra.





CalGold

www.calgold.ca.gov

The screenshot shows the CalGold website interface. At the top, there is a navigation bar with the logo for the California Governor's Office of Business and Economic Development (GO-Biz) and the text "GO-BIZ HOME", "CALGOLD HOME", "FAQ", and "CONTACT US". The main content area features the CalGold logo, which includes a large checkmark and the text "CalGold The Gold Standard For Permit Assistance". Below the logo, a paragraph states: "This website assists you in finding appropriate permit information for your business. It also provides contact information for the various agencies that administer & issue these permits." At the bottom, there is a search interface with two tabs: "Permits & Licenses" (selected) and "Forms & Fees". The search area includes a dropdown menu for "Select a City or County" (set to "Sacramento - Sacramento County"), a text input for "Enter Business Type(s)" (containing "Dentistry"), a "view all" link, a "Dentistry x" tag, a link for "Interested in having a green business? learn more about green businesses", and a "Search" button.



CalGold

Search Results

Select a City or County

Enter Business Type(s) [view all](#)

Interested in having a green business? [learn more about green businesses](#)

Business permits and other requirements in the City of Sacramento (Sacramento County) for business types:

- Dentistry

[Permits & Licenses](#) [Resources Available to Help You](#) [Print List](#)

<p>Business License - Business Tax Certificate</p> <p>Required for all entities doing business within city limits. See "County Unincorporated" for businesses located outside of city limits.</p> <p>applies to: Dentistry</p>	<p>City of Sacramento City Finance, Revenue Department Business License 915 I Street, 5th Floor Sacramento, CA, 95814 Phone: 916-808-5845 website</p>	<p>Filter Permits & Licenses</p> <p>Level of Government: all none</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> City <input checked="" type="checkbox"/> County <input checked="" type="checkbox"/> Regional <input checked="" type="checkbox"/> State <input checked="" type="checkbox"/> Federal <p><input type="button" value="Filter Results"/></p>
<p>Fire Prevention Information/Inspection city</p>		



CDTFA
CALIFORNIA DEPARTMENT OF
TAX AND FEE ADMINISTRATION

**We wish you success
in your business venture!**