



DOCUMENTED VESSELS AND CALIFORNIA TAX

Publication 79 • August 2018



CALIFORNIA DEPARTMENT OF
TAX AND FEE ADMINISTRATION

For Information

Internet

www.cdtfa.ca.gov

Customer Service Center

For general tax information, call

1-800-400-7115

TTY:711

Customer service representatives are available weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.

Consumer Use Tax Section

For questions about reporting use tax on your vessel, call the Consumer Use Tax Section.

1-916-445-9524

Taxpayers' Rights Advocate

For information about your rights under the Sales and Use Tax Law, call the California Department of Tax and Fee Administration (CDTFA) Taxpayers' Rights Advocate at 1-888-324-2798 or send a fax to 1-916-323-3319.

Personal Property Tax

Call your [local county assessor](#).

Under California law, sales or use tax and personal property tax generally apply to the sale, purchase, or ownership of documented vessels located in this state. Documented vessels are those registered with the U.S. Coast Guard or foreign governments.

If you would like more information, call the appropriate state or county agency listed on the left. Please do not call the U.S. Coast Guard for answers to tax questions.

**California Department of
Tax and Fee Administration
Use Tax Payment on the
Purchase of a Documented Vessel**

NAME

ADDRESS

DAYTIME TELEPHONE

()

EMAIL ADDRESS

DATE OF PURCHASE

PURCHASE PRICE

COUNTY WHERE BERTHED

YEAR BUILT

BUILDER

LENGTH

VESSEL NAME

DOCUMENTATION NUMBER

AMOUNT PAID \$

Please detach this panel and mail it, along with your payment, to the address below. Include a copy of the bill of sale that verifies the total purchase price and the date of the sale. To verify the location of the vessel, please also include copies of moorage receipts or a copy of the county personal property tax assessment on the vessel.

Make your check payable to the "California Department of Tax and Fee Administration." Write the vessel identification number and/or name on your check. Enclose your reply in an envelope and mail to:

Consumer Use Tax Section
California Department of Tax and Fee Administration
PO Box 942879
Sacramento, CA 94279-8001



SALES AND USE TAXES

Is my purchase of a documented vessel subject to sales or use tax?

Unless an exemption applies, either sales or use tax must be reported on documented vessels purchased for use in California (including vessels that are purchased out of state).

The law allows several exemptions. For example, tax may not apply to your purchase if the vessel:

- Was purchased for use outside California,
- Will be used in interstate or foreign commerce,
- Will be used for commercial deep-sea fishing outside the territorial waters of California, or
- Was purchased from a qualified family member as specified in section 6285 of the Sales and Use Tax Law.

Also, tax does not apply if you received the vessel as a gift.

For more information on vessel acquisitions that are not subject to use tax, call the Consumer Use Tax Section at 1-916-445-9524. [Publication 40, Watercraft Industry](#), is available on our website at www.cdtfa.ca.gov or by calling the Customer Service Center at 1-800-400-7115 (TTY:711).

If tax is due, who reports it?

- **If you purchase the vessel from a California vessel dealer**

The dealer must report sales tax on the sale unless he or she is acting as a broker (see below).

- **If you purchased the vessel through a California licensed yacht broker**

The broker may, but is not required to collect and report the use tax. If the broker did not collect use tax, you are required to report it to the CDTFA, as explained below (see "[If I am required to report use tax, how do I do it?](#)").

If the broker collects and reports the correct amount of tax, you have no additional use tax liability. However, if the CDTFA determines that insufficient tax has been collected and reported, you will be billed for the additional tax.

If the broker collects an amount for use tax but fails to report it to the CDTFA, you may be billed for the amount due. However, if you purchased the vessel on or after January 1, 1996, and have documentation showing you paid use tax to the broker, you will be credited for the amount of tax paid to the broker.

- **If you purchase the vessel from another seller**

If you purchase the vessel from someone other than a California vessel dealer (for example, from a private party or an out-of-state retailer who does not have an outlet or agents in this state), you are generally required to report use tax to the CDTFA.

If I am required to report use tax, how do I do it?

To calculate the amount due, multiply the use tax rate in effect on the date of purchase by the purchase price of the vessel. The use tax rate is the same as the sales tax rate and is based on where you principally moor or berth the vessel. For example, if you reside in Orange County but keep the vessel in Los Angeles County, you must pay tax at the rate charged in Los Angeles County. If you need information regarding the tax rate, please visit our website at www.cdtfa.ca.gov or call our Customer Service Center at 1-800-400-7115 (TTY:711).

- **If you hold a valid seller's permit or consumer's use tax account**

If you are a registered seller and have purchased the vessel for purposes other than for resale, you should report the tax on your sales and use tax return for the reporting period in which you purchased the vessel. List the amount of the purchase on your return, under *purchases subject to use tax*.

- **If you do not hold a valid seller's permit or consumer's use tax account**

You must report and pay the use tax due on a documented vessel directly to the CDTFA. You can report your purchase of documented vessels subject to use tax on our website at www.cdtfa.ca.gov, by selecting [Register](#), and then select *Pay Use Tax or File an Exemption for a Vehicle, Vessel, Aircraft, or Mobilehome*. You can also report your purchases of documented vessels subject to use tax in person at any of our offices.

For further assistance, please contact our Customer Service Center at 1-800-400-7115 (TTY:711), or visit any of our [offices](#).

Please have the following information available at the time of registration:

- Name and address of both the purchaser and seller
- Identification number of the property purchased such as the tail number, documentation number, or serial number
- Make, model, and year of property
- Date of Purchase
- Total Purchase Price
- Location where property will be used, stored, or registered, or

If you do not have access to the Internet, please complete the panel on the left, and mail it with a check for the amount due.

Your tax payment is due on or before the last day of:

- The month following the month you were mailed a return by the CDTFA, or
- The twelfth month following the month in which you purchased the vessel, if you did not receive a return from the CDTFA, whichever period expires first.

Penalty and interest charges will begin to accrue once the due date has passed.

Statute of limitations. The CDTFA, through regular audits and other sources, locates information on and investigates sales of vessels on which tax has not been reported and paid. If a taxpayer has not filed a return, the CDTFA generally has eight years from the due date of the return in which to issue a billing. If a taxpayer has filed a return but has not reported the tax due, the CDTFA generally has three years after the due date of the return in which to issue a billing.



PERSONAL PROPERTY TAX

In addition to sales or use tax, personal property tax may be due. Please contact your [local county assessor's office](#) for more information.