



# Special Notice

STATE BOARD  
OF EQUALIZATION

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[www.boe.ca.gov](http://www.boe.ca.gov)

TAXPAYER INFORMATION  
SECTION  
800-400-7115  
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800-735-2929

## New Registration and Reporting Requirements for Certain Purchasers

Assembly Bill x4-18 (Stats. 2009, Ch.16) added section 6225 to the Revenue and Taxation Code, which requires a "qualified purchaser" to register with the Board of Equalization (BOE) and report and pay use tax directly to the BOE. Under this section, a "qualified purchaser" includes businesses with at least \$100,000 in annual gross receipts from business operations.

### California Use Tax

Generally, use tax applies when a person or business in California purchases tangible merchandise to be used, consumed, given away, or stored in this state from a retailer outside of this state who does not collect California tax on the sale. In simpler terms, if sales tax would apply when a particular item is purchased in California, use tax applies when a similar purchase is made from a retailer outside the state and no tax is charged. Use tax is not a new tax. It has been a part of the Revenue and Taxation Code since the 1930's. Only the registration requirement is new under AB x4-18.

### Who is considered a "qualified purchaser?"

A "qualified purchaser" means a person that meets all of the following conditions:

- The person receives at least \$100,000 in gross receipts from business operations per calendar year. *Note:* Gross receipts is the total of all receipts from both in-state and out-of-state business operations.
- The person is not required to hold a seller's permit or certificate of registration for use tax (under section 6226 of the Revenue and Taxation Code).
- The person is not a holder of a use tax direct payment permit as described in section 7051.3 of the Revenue and Taxation Code.
- The person is not otherwise registered with the BOE to report use tax.

### How does a "qualified purchaser" register with the BOE?

A "qualified purchaser" may register for a use tax account by completing the enclosed BOE-404-A, *Use Tax Registration*, and mailing it to the BOE. While the BOE will attempt to notify qualified purchasers in order to register them, it remains the qualified purchaser's responsibility to register with the BOE.

### What needs to be reported?

A "qualified purchaser" is required to file a return reporting the total sales price of tangible merchandise purchased that is subject to use tax during the preceding calendar year, and for which tax was not paid to a retailer required to collect the use tax.

*Please Note:* The provisions of section 6225 of the Revenue and Taxation Code do not apply to the purchase of a vehicle, vessel, or aircraft. See Regulation 1610, *Vehicles, Vessels, and Aircraft*, for the special rules and reporting requirements applicable to these types of purchases.

### When is a return due?

The return for 2009, along with payment, is due by April 15, 2010. Registrants are also being asked to report purchases for 2007 and 2008. The provisions of AB x4-18 impose a due date of April 15 for use tax reported by qualified purchasers. However, the provisions of this bill do not change the due date for use tax liabilities from prior years. Therefore, returns for purchases made in 2007 and 2008 were due January 31, 2008 and January 31, 2009, respectively. Penalty and interest applies to payments received after the due date of each return period. Please see the following section for further details.



Can a qualified purchaser be relieved from penalty and interest charges?  
The BOE may grant relief of penalty charges, but not interest, if it is determined that a person's failure to file a timely return or payment was due to reasonable cause and circumstances beyond the person's control. To request relief of penalty charges, a person may submit a completed BOE-735, *Request for Relief of Penalty*. For additional information regarding interest and penalties, please see publication 75, *Interest and Penalties*, available at our website at [www.boe.ca.gov](http://www.boe.ca.gov).

#### Taxpayer Information Section

If you have any questions regarding this notice, please visit our website at [www.boe.ca.gov](http://www.boe.ca.gov) or call our Taxpayer Information Section at 800-400-7115 (TDD/TTY: 800-735-2929). Customer service representatives are available weekdays from 8:00 a.m. to 5:00 p.m. Pacific time, except state holidays.