

State of California Use Tax

California Legislature enacted Use Tax registration and reporting requirements to step up compliance on businesses that purchase property out of state and fail to pay the sales tax. Businesses with **\$100,000** or more in gross receipts not holding a seller's permit must register with the Board of Equalization (BOE), and report and pay, by April 15, any use tax due on purchases made by the business in the preceding year.

Taxpayers who must register must file, even if they owe zero tax unless the BOE has issued a Notice of Close-out of Use Tax account. This return can easily be filed online at www.boe.ca.gov using the BOE assigned account number and express login code.

Due to voter approval of Proposition 30, the statewide base sales and use tax rate will increase one quarter of one percent (0.25%) on January 1, 2013. The state sales and use tax rate will be increased from 7.25% to 7.50%. The higher tax rate will apply for four years – January 1, 2013 through December 31, 2016. Additional sales tax may apply for local districts.