



SPECIAL NOTICE

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1-800-400-7115

TTY
711

New Use Tax Collection Requirements for Remote Sellers and New District Use Tax Collection Requirements for All Retailers—Operative April 1, 2019

The California Legislature recently passed *Assembly Bill No. (AB) 147* (Stats. 2019, ch. 5). AB 147 requires:

- Retailers located outside of California (remote sellers) to register with the California Department of Tax and Fee Administration (CDTFA) and collect California use tax if, in the preceding or current calendar year, the total combined sales of tangible personal property for delivery in California by the retailer and all persons related to the retailer¹ exceed \$500,000; and
- All retailers required to be registered with the CDTFA, whether located inside or outside of California, to collect and pay to the CDTFA district use tax on all sales made for delivery in any district that imposes a district tax if, in the preceding or current calendar year, the total combined sales of tangible personal property in this state or for delivery in this state by the retailer and all persons related to the retailer exceed \$500,000.

The new collection requirements are operative April 1, 2019, and supersede our previous direction regarding 1) the use tax collection requirements for out-of-state retailers (see Special Notice L-565²), and 2) the district use tax collection requirements for all retailers, including retailers located inside or outside of California (see Special Notice L-591³).

Additional registration and fee collection requirements for sales of certain items

Please note: If you sell 1) new tires or vehicles and equipment that include new tires, 2) covered electronic devices, 3) lead-acid batteries, or 4) lumber or engineered wood products, you may have additional registration and fee collection requirements. For information, see our online guide, *Use Tax Collection Requirements Based on Sales into California Due to the Wayfair Decision* on our website at www.cdtfa.ca.gov/industry/wayfair.htm.

¹ 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.

² *New Use Tax Collection Requirements for Out-of-State Retailers Based on Sales into California – Effective April 1, 2019*, available at: <http://www.cdtfa.ca.gov/taxes-and-fees/L565.pdf>.

³ *New District Use Tax Collection Requirements for All Retailers – Effective April 1, 2019*, available at <http://www.cdtfa.ca.gov/taxes-and-fees/L591.pdf>.

⁴ <http://www.cdtfa.ca.gov/taxes-and-fees/L565.pdf>.

Remote sellers that previously registered with the CDTFA

If you are a remote seller who registered with the CDTFA to collect California use tax due to our prior direction (see Special Notice L-565⁴), and you do not meet the new \$500,000 sales threshold pursuant to AB 147, and do not have any contacts with California that would make you a retailer engaged in business in this state, you may either close your account or continue to collect the use tax as a courtesy to your California customers. To close your account, please contact our Customer Service Center at 1-800-400-7115. Please be advised, any use tax collected by you from your California customers must be reported and paid to the CDTFA.

District taxes

District taxes are voter-approved taxes imposed by cities, counties, and other local jurisdictions that are added to California's base sales and use tax rate of 7.25 percent to fund important local services. For information about district tax and the new collection requirement, see our online guide, *Use Tax Collection Requirements Based on Sales into California Due to the Wayfair Decision* on our website at www.cdtfa.ca.gov/industry/wayfair.htm.

Registration

You may register with the CDTFA by visiting our website at www.cdtfa.ca.gov and selecting the Register button in the top-right corner of our homepage. From the *Taxpayer Online Services Portal*, scroll down to Registration and select *Register a New Business Activity or Location* and follow the prompts.

Tax rates in California

You may find the tax rates for each district on our website at www.cdtfa.ca.gov/taxes-and-fees/sales-use-tax-rates.htm. This webpage also includes a look-up tool, *Find a Sales and Use Tax Rate by Address*, located under the *Current Tax Rates* section.

For more information

You can find our online guide, *Use Tax Collection Requirements Based on Sales into California Due to the Wayfair Decision*, on our website at www.cdtfa.ca.gov/industry/wayfair.htm. The guide includes a *California Tax Matrix for Remote Sellers* to assist you in determining if your sales to California are subject to tax. You may also call our Customer Service Center at 1-800-400-7115 (TTY:711). Customer service representatives are available Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.