

New Use Tax Registration Requirements for Qualified Purchasers

This email is a reminder about the newly added section 6225 to the California Revenue and Taxation Code (RTC) that requires a qualified purchaser to register with the Board of Equalization (BOE) and report and pay use tax directly to the BOE by April 15th for the preceding calendar year for purchases subject to use tax. Under this section, a qualified purchaser is a person who has at least \$100,000 in gross receipts per year from business operations, is not required to hold a seller's permit or a certificate of registration use tax, does not hold a use tax direct payment permit, or is not otherwise registered with the BOE for use tax. In September 2009 we sent the following link to our special notice with information regarding the new use tax registration requirements:

<http://www.boe.ca.gov/news/pdf/1232.pdf>.

Under California law, 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 California RTC since the 1930's. Only the registration requirement is new under RTC section 6225.

As part of our registration efforts, we contacted approximately 180,000 identified qualified purchasers and informed them of the new program. In an effort to help ease taxpayer burden, we have registered those taxpayers through our automated registration system. In the next couple of weeks, taxpayers will receive their "welcome letter", a copy of which is provided in the attached link (http://www.boe.ca.gov/news/pdf/qp_a.pdf). The letter introduces the program and provides taxpayers with their new BOE account number and express login code. Through our automated system, taxpayers will use their account number and express login code to efile their use tax returns for years 2007, 2008 and 2009. For more information about the BOE's efilings and other tax and fee programs, please visit our website at www.boe.ca.gov.