

## For more information

If you have any questions regarding use tax or registering for an account, you may contact your local CDTFA office, or visit our Qualified Purchaser Program webpage at [www.cdtfa.ca.gov/taxes-and-fees/qualified-purchaser.htm](http://www.cdtfa.ca.gov/taxes-and-fees/qualified-purchaser.htm), or call our Customer Service Center at 1-800-400-7115 (TTY:711). Customer service representatives are available to help you Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.

## Tax evasion hurts all of us . . .

To report suspected tax evasion, contact our Tax Evasion Hotline at 1-888-334-3300.

## Taxpayers' Rights Advocate Office

If you would like to know more about your rights as a taxpayer or if you have not been able to resolve a problem through normal channels (for example, by speaking to a supervisor), please visit the Taxpayer's Rights Advocate Office page on our website at [www.cdtfa.ca.gov/tra](http://www.cdtfa.ca.gov/tra). Or you may contact the Taxpayers' Rights Advocate Office for help at 1-916-324-2798 (or toll-free, 1-888-324-2798). Their fax number is 1-916-323-3319. If you prefer, you can write to: Taxpayers' Rights Advocate, MIC:70; California Department of Tax and Fee Administration; P.O. Box 942879; Sacramento, CA 94279-0070.

*Note:* This publication summarizes the law and applicable regulations in effect when the publication was written, as noted on the cover. However, changes in the law or in regulations may have occurred since that time. If there is a conflict between the text in this publication and the law, decisions will be based on the law and not on this publication.

**CDTFA.CA.GOV**

THANK YOU FOR CONNECTING WITH US



**CDTFA**  
CALIFORNIA DEPARTMENT OF  
TAX AND FEE ADMINISTRATION



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**TAX AND FEE ADMINISTRATION**

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**Mandatory Use Tax  
Registration for  
Service Enterprises**

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## What is 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 California from a retailer outside of this state and that retailer does not collect California tax on the sale. In other words, if sales tax would apply when a particular item is purchased in California, use tax generally applies when a similar item is purchased from a retailer outside the state. The retailer outside the state may be required to collect the tax on the purchase.

## Why does California impose a use tax?

The use tax, which was created in July 1935, is a companion to California's sales tax and is intended to protect California merchants who otherwise would be at a competitive disadvantage when out-of-state retailers make sales to California customers without charging tax. Use tax, just like sales tax, is used to fund state and local services throughout California.

## What is the difference between sales and use tax?

Tax collected by the retailer here in California is generally sales tax, and the retailer is responsible for reporting and paying the tax to the state. When an out-of-state or online retailer doesn't collect the California tax for an item delivered to California, the purchaser may owe use tax, which is a tax on the use, storage, or consumption of personal property in California. The use tax rate in California locations is the same as the sales tax rate. Consumers are responsible for reporting and paying the use tax; however, as discussed above, retailers may be required to collect the use tax.

## Why must I register for use tax?

State law requires you to register for use tax if you are a qualified purchaser (see Revenue and Taxation Code section 6225, available at [www.cdtfa.ca.gov/taxes-and-fees/qualified-purchaser.htm](http://www.cdtfa.ca.gov/taxes-and-fees/qualified-purchaser.htm)).

## What is a qualified purchaser?

A qualified purchaser is a person (a "person" is defined by Revenue and Taxation Code section 6005) who meets the following conditions:

- Receives at least \$100,000 in gross receipts from business operations per calendar year. *Note:* Gross receipts are the total of all receipts from both in-state and out-of-state business operations.
- Is not required to hold a seller's permit or certificate of registration for use tax.
- Does not hold a use tax direct payment permit.
- Is not otherwise registered with the California Department of Tax and Fee Administration (CDTFA) to report use tax.

## What are my obligations once I am registered?

You will be required to file an annual use tax return with the CDTFA.

## What is the due date of my return?

The return along with payment is generally due by April 15 of the following calendar year. *Example:*

- April 15, 2018, for calendar year 2017 purchases.
- April 15, 2019, for calendar year 2018 purchases.

Once you are registered with us, the CDTFA will provide you information on how to file a return.

## How do I register?

If you have a California business and meet the requirements of a qualified purchaser, you can register for a Qualified Purchaser account on

our website at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov), by selecting *Register*, and then select *Register as a New Business Activity or Location*. You can also register to report use tax in person at any of our offices. Please contact our Customer Service Center for assistance at 1-800-400-7115 (TTY:711).

## Where can I find a listing of local CDTFA offices?

A listing of local CDTFA offices along with directions is available on our website at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov); from the homepage, scroll down to the bottom and select *Office Locations and Addresses*.

## Will I be assessed penalties and interest for taxes due on returns that are filed after the due date?

Yes. A ten percent penalty will be assessed for all late returns filed and interest will accrue for each month, or fraction of the month, until full payment of the tax is received.

The CDTFA may grant relief from penalty charges and Collection Cost Recovery Fee (CRF), if the CDTFA determines that a person's failure to file a timely return or payment was due to reasonable cause and circumstance beyond the person's control. Interest may be relieved under certain circumstances, as discussed in [publication 75, Interest, Penalties, and Fees](#). You may request relief from interest, penalty and/or the CRF online from our website at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov); search for Online Services, and select *Relief* tab.

## Does the CDTFA offer additional publications about the use tax?

Yes. See [publication 110, California Use Tax Basics](#), and [publication 123, California Businesses: How to Identify and Report California Use Tax Due](#), available on our website at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov); from the homepage select *Forms & Publications*.