



CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

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EDMUND G. BROWN JR.  
Governor

MARYBEL BATJER  
Secretary, Government Operations Agency

NICOLAS MADUROS  
Director

October 19, 2017

VIA INTERNET

Dear Interested Party:

The Compliance Policy and Procedures Manual (CPPM) is a guide for the California Department of Tax and Fee Administration (CDTFA) staff in administering tax and fee programs. It is available to the public and can be accessed from the CDTFA web page at <http://www.boe.ca.gov/sutax/staxmanuals.htm>.

The Business Tax and Fee Division is proposing to revise CPPM section 270.080, *Fringe Area Accounts*, and section 645.120, *Closeout Procedures of Vehicle Dealers in California*, to incorporate current policies and procedures.

The revision material is provided on the following pages for the convenience of interested parties who may wish to submit comments or suggestions. Please feel free to publish this information on your website or otherwise distribute it to your association/members.

If you have any comments or suggestions related to the proposed CPPM revisions, you may contact the CDTFA at [CPPMRev@cdtfa.ca.gov](mailto:CPPMRev@cdtfa.ca.gov). Your comments or suggestions must be received by the CDTFA no later than **December 19, 2017**, in order to be considered by staff. Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink that reads "Trista Gonzalez".

Trista Gonzalez, Chief  
Tax Policy Bureau  
Business Tax and Fee Division

**FRINGE AREA ACCOUNTS****270.080**

Accounts administered by the Field Operations Division that are held by taxpayers operating in “fringe areas” (areas adjacent to ~~the state (“fringe areas”) California~~), excluding the Mexico fringe areas, are the responsibility of ~~specific in-state districts~~ the Western States Office (OH). Mexico fringe areas are generally the responsibility of the San Diego (FH) and El Centro (FHA) offices. For a list of Mexico fringe area towns and responsible offices, see Business Taxes Code Book section 120.125.

When the taxpayers’ customers are generally located within a single in-state county, the first five digits of the area code will be the ~~inout-of~~ inout-of-state county code ~~where the taxpayer generally operates~~ “59” followed by “999.” ~~When in-state customers are widespread, the tax area code will be 59-999-000-0000 (see also CPPM 240.035).~~

~~Business Taxes Code Book sections 120.105 — 120.135 list fringe area towns and offices. The district of control for a fringe area account will be the in-state district of control.~~

Taxpayers that operate in California with a fringe area mailing address (not a consolidated account master location) are also the responsibility of the Western States Office. ~~in-state district where the selling location is located. If necessary, audits will be conducted by the fringe area office by means of an inter-district audit referral.~~

**CLOSEOUT PROCEDURES OF VEHICLE DEALERS IN CALIFORNIA****645.120****Department of Motor Vehicles**

When a DMV investigator finds that a vehicle dealer has closed ~~out, or~~ sold his/her business, or has not renewed his/her dealer's license, DMV will notify the local ~~BOE California Department of Tax and Fee Administration (CDTFA)~~ office.

~~If the BOE wishes to audit the business and requires~~In the case of an audit, the CDTFA can request the Report of Sale (ROS) books, which the dealer turns over to the DMV, DMV; ~~they will be delivered to the BOE. If the ROS books are not requested, otherwise,~~ the dealer's copies will be destroyed, ~~immediately.~~ The DMV retains its copies for one year. When there is no further need of the ROS books, they will be returned to DMV to be destroyed. DMV will also provide the closeout date and location of books and records if known.

When the DMV ~~is reviewing~~reviews a dealer's ROS books and finds evidence of noncompliance with DMV laws, copies of the reports of sale indicating noncompliance will be sent to the local ~~BOE~~ CDTFA office.

Vehicle dealer information, including ROS and/or Administrative Fee Report information, can be obtained by sending an email to [LODInfoReq@dmv.ca.gov](mailto:LODInfoReq@dmv.ca.gov). Staff must provide the following information when making their request by email:

- ~~Name of person requesting information,~~
- Name, Mailing address and phone number of requestor,
- ~~BOE~~CDTFA's DMV Requestor code,
- Name of the party on which they are requesting information,
- Dealer's license number, if available,
- The specific information they are requesting, and
- The business reason for the request

Staff should allow 7 to 10 business days for processing of the requested information, which will be mailed to the requestor via US Postal Service.

**Board of EqualizationCDTFA**

A vehicle dealer's seller's permit should not be closed out until staff has verified that the DMV dealer's license is no longer active. Vehicle dealer's license information can be verified on the Occupational License Status Information System on DMV's website. If additional information is required, staff may send an email to BTFD-Data Analysis Section.

A ~~S~~seller's permit closeouts for a used car dealers ~~s~~ must be provided to a Compliance Supervisor or his/-her designee for review. Review of the closeout is ~~intended to help to identify questionable situations (e.g., audit in process, multiple prior owners for the business)~~ that may require further ~~investigation research~~ by staff (e.g., audit in process, multiple prior owners for the business). ~~The review~~Research should include a thorough review of account information ~~contained in IRIS,~~ including the ~~TPS TP and/or AUD MC screens which~~ screens that identify accounts where an audit is in process. If a questionable situation exists, the taxpayer and/or the new business owners should be contacted via telephone or field call.

Staff's ~~will also review DMV's website to determine~~review of the type of dealer's license(s) held by the taxpayer and its status. ~~Review of this information~~ may lead staff

## CPPM Chapter 6, Closeouts and Clearances

to request information from DMV's Occupational Licensing Department ~~regarding the taxpayer.~~ For example, if a taxpayer ~~has~~ reported few or no sales to ~~BOE~~ but holds the CDTFA during the time he/she held a used car dealer's license, it may be worthwhile to contact DMV and request information on the number and type of ROS books and/or an Administrative Fee Report, which captures the ROS number and date of sale when a vehicle is registered late.

A summary of the review performed, including information obtained from DMV, must be documented in IRIS.CDTFA records. ~~If the dealer's license is active, DMV should be informed as soon as possible that the taxpayer's seller's permit has been closed.~~ In addition, DMV should be notified when there are changes to the ~~BOE~~ CDTFA registration or when registration information differs from that identified on the taxpayer's vehicle dealer's license ~~when BOE's~~ once CDTFA's information has been confirmed to be correct. To facilitate this process, staff will send to the DMV a BOE.CDTFA-215, DMV Referral, Dealer's License Issue letter, ~~will be sent to DMV by staff.~~

~~After staff completes the letter, it must be provided to a District~~The completed letter will be reviewed and signed by the Administrator, ~~District Principal Compliance Supervisor~~Compliance Principal, or their designee. ~~for review and signature.~~ Approved letters will be forwarded to the DMV's Occupational Licensing Inspection Program Manager at the address identified on the letter. Printouts of any pertinent registration screens should accompany the letter to allow DMV staff to confirm the registration information contained in ~~BOE's~~ CDTFA's database.