Instructions for Completing CDTFA-401-A, *State, Local, and District Sales and Use Tax Return*

You Can Easily File Your Return Online

Filing your return online is an easy and efficient method of filing your sales and use tax return. When you file your return online with the California Department of Tax and Fee Administration (CDTFA), the system calculates tax due based on the sales and deduction information you enter. Online filing helps reduce errors by prompting you when items are missed. By ensuring the accuracy of your return, you can avoid interest, overpayment, and penalties due to reporting incorrect information. By filing your return online, you avoid additional cost for postage or having your return lost in the mail.

Once you have completed and transmitted your return to CDTFA, the return is automatically posted to your account. You can also view previously filed online returns, file amendments, file your return early, and set a future date to make your payment, as long as the payment is made prior to the due date of the return.

To file your return online, go to *www.cdtfa.ca.gov*, and select *File & Make a Payment*.

Making Your Payment

There are three easy and convenient payment options available. *Note*: Never send cash payments through the mail.

ACH Debit Method

You can file and pay your return in one easy transaction. This is the preferred method for making a payment on a return.

- Enter your banking information (bank account number and bank routing number).
- Select a payment date. Payments may be held for any banking day you select up to the tax due date.

Credit Card Payment

You can pay by credit card through a third-party vendor. American Express®, Discover®, MasterCard®, and Visa® cards are accepted. A service fee of 2.30 percent of the transaction amount will be charged by the third-party vendor. This service fee is not paid to, or retained by, CDTFA.

You must return to the online filing system after making your credit card payment to complete filing your return.

Paper Check

- Choose this option to print out a payment voucher to mail in with your check.
- Print the confirmation page and payment voucher. This voucher is only available immediately after filing your return.
- Mail in your check, with the account number written on the memo line, with the payment voucher. Make your check or money order payable to the California Department of Tax and Fee Administration. Keep a copy for your records.

Payment Methods When Filing Paper Returns

- **Check or Money Order:** Make your check or money order payable to the California Department of Tax and Fee Administration, and always write your account number on the check or money order. Be sure to enclose your payment with your return.
- **Credit Card:** You can charge your tax return payment if you have an American Express®, Discover®, MasterCard®, or Visa® credit card. Other cards cannot be accepted. To make credit card payments, visit our website at *www.cdtfa.ca.gov,* or call 1-844-445-8221. The credit card processing vendor will charge a service fee of 2.30 percent of the amount charged. This service fee is not paid to, or retained by, CDTFA.
- If you are required by CDTFA to pay taxes by Electronic Funds Transfer (EFT), you must continue to use that method. Additional information is available on our website at *www.cdtfa.ca.gov.*

General Information

These instructions are provided to assist you with completing CDTFA-401-A. If you need assistance, please call our Customer Service Center at 1-800-400-7115 (TTY:711). Customer service representatives are available Monday through Friday from 7:30 a.m. to 5:00 p.m. (Pacific time), except state holidays.

You must file a return even if you do not owe taxes for the reporting period. If you are unable to file your return on time, you may qualify for an extension. A request for an extension of time to file a tax return may be submitted online by logging in to your account with your username and password on our website at *onlineservices.cdtfa.ca.gov*, and select the *Relief Request* option.

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Due on or before—Enter the due date of the return.

Period begin date—Enter the first day for the reporting period. For instance, if you are reporting on the first quarter of 2020, the date would be January 1, 2020.

Period end date—Enter the last day of the reporting period. For instance, if you are reporting on the first quarter of 2020, the date would be March 31, 2020.

Account number—Enter your account number, which can be found on your seller's permit.

If you are filing an amended return, check the box to indicate that this filing represents an amended return.

Lines 1 through 3—Page 1

Sales • Purchases Subject to Use Tax

Line 1. Total Sales

Enter your total taxable and nontaxable sales for the reporting period, including lease and rental receipts. Report all sales (in any manner) related to doing business in California. You will deduct current period nontaxable transactions in Sections A through D on page 3.

Include all charges related to your sales, such as labor, service, and shipping and handling charges.

Used Vehicle Dealers:

- Sales reported to the Department of Motor Vehicles (DMV) should be excluded from Total Sales.
- Charges related to your vehicle sales that are not reported to DMV should be included on line 1.
  - For example, document fees, smog certification fees, mandatory warranties, among others.
- If you sold any business assets, such as fixtures and equipment, during the reporting period, you must report the sale. If you are filing your final return and reporting the sale of the business assets, see the last bullet under "Line 2. Purchases Subject to Use Tax."
- Your total sales may include amounts for California sales or use taxes. If this is the case, be sure to deduct those tax amounts on Section A, line 9. If you do not, you will overpay tax.

Line 2. Purchases Subject to Use Tax

Enter your total purchases that are subject to use tax, as explained below.

Your purchases of merchandise, equipment, and other tangible personal property are subject to use tax and must be reported if you:

- Purchased the property from an out-of-state retailer who did not collect California use tax, or
- Purchased the property with a resale certificate or other exemption certificate, and used the property in California for a purpose other than:
  - Resale or
  - Demonstration, retention, or display while holding it for sale in the regular course of business.

You must also report your purchase of a vessel or aircraft if you:

- Purchased it from an unlicensed retailer who did not charge tax on the transaction and
- Used the property for a purpose other than resale as described above.

Enter the amount you paid for the property.

Note:

- If you paid another state's sales or use tax on your purchase, do not include the tax payment as part of your purchase price. You may be eligible for a credit for the other state's tax (see instructions for line 20c).
- If you are reporting property purchased with a resale certificate, report the purchase price on the tax return for the reporting period during which you first used the property in California.

- If you are reporting property purchased from an out-of-state retailer who did not charge you for California tax, report the purchase price on the tax return for the reporting period during which you first used the property in California.
- If you are closing out your seller's permit and have sold fixtures and equipment, you should report the sales price and identify the sale as "fixtures and equipment" on line 2 of your final sales and use tax return. You must also report any inventory you intend to retain for your own use or for use as a gift, that was purchased for resale without the payment of tax or tax reimbursement, on line 2 of your final sales and use tax return and identify it as "retained inventory." Sales of inventory to another retailer or to the purchaser of your business are not taxable but should be reported as "Sales for Resale" on line 4 of your return. A resale certificate should be obtained from the buyer and saved in your records. For more detailed information, see publication 74, *Closing Out Your Account*.

Line 3. Total

Add lines 1 and 2 to find your total sales and purchases subject to use tax. Enter the result on line 3.

Page 3

Nontaxable Sales, Current Period Tax Recovery Adjustments and Deductions, and Current Period Partial Tax Exemptions

Full deductions in Section A and B are transactions not subject to tax and will be subtracted from the total on line 3. Report your current period partial tax-exempt transactions on page 3, in Sections C and D (see instructions below). Enter the total in Section D, line 7, and on page 1, line 20a. Complete CDTFA-531-Q, *Schedule Q—Tax Recovery*, prior period tax recovery credits on page 1, line 20b.

You must maintain records that support all claimed deductions.

Section A. Nontaxable Sales (deductions)—Page 3

Any transaction(s) under this section must be included on line 1, Total Sales, on page 1.

If you have no Section B Current Period Tax Recoveries and Deductions or adjustments, the total from this section will be the total for page 1, line 11 (Total Nontaxable Transactions Reported).

Line 4. Sales to Other Retailers for Purposes of Resale

Enter your total sales to other sellers who submitted resale certificates to you for their purchases.

In general, you can accept resale certificates from other sellers who are buying property to resell in the regular course of business. If you obtain a timely and valid resale certificate, taken in good faith, tax will not apply to your sale. For more information, see CDTFA-230, *General Resale Certificate*.

To be valid, resale certificates must contain specific information. For more information, see Regulation 1668, *Sales for Resale*.

You can verify the validity of sellers' permits by calling our Seller's Permit Verification service at 1-888-225-5263 or by visiting our website at *www.cdtfa.ca.gov*.

Note: VEHICLE AUCTIONEERS—If you are a vehicle auctioneer claiming a deduction under line 4 for vehicles sold at an auction, you must complete CDTFA-531-AA, *Vehicle Auction House Sales*, and provide it with your sales and use tax return.

Line 5. Nontaxable Sales of Food Products

Enter your nontaxable sales of food products sold for human consumption.

Whether food product sales are taxable depends on many conditions, including who makes the sale, where the sale occurs, who the customer is, and what is sold. For example, the following sales are generally taxable and should not be deducted:

- Sales of alcoholic and carbonated beverages.
- Sales of hot prepared food products.
- Sales of meals or food sold for consumption at your place of business or sold for consumption in a place where admission is charged.

For more information on food sales, see Regulation 1602, *Food Products*, or Regulation 1603, *Taxable Sales of Food Products*. Vending machine operators should order Regulation 1574, *Vending Machine Operators*, and publication 118, *Vending Machine Food Sales*.

Line 6. Nontaxable Labor *(repair and installation)*

Enter labor charges for installing premanufactured property or for repairing or reconditioning property to restore it to its original use.

Note: Labor charges for making or fabricating a new product (such as labor charges for making a ring or furniture), or for assembling a product, are generally taxable and should not be deducted. Tax applies even if your customer provides the raw materials for fabrication. For more information, see Regulation 1546, *Installing, Repairing, Reconditioning in General*, and publication 108, *Labor Charges*.

Line 7. Sales to the United States Government

Enter sales made to:

- The United States government or its unincorporated agencies and instrumentalities, such as the following federal departments: Treasury, Interior, Agriculture, or Defense.
- Any incorporated agency or instrumentality of the United States wholly owned by either the United States or by a corporation wholly owned by the United States.
- The American Red Cross, its chapters and branches.
- Federal reserve banks, federal credit unions, federal land banks, and federal home loan banks.

Note: Sales made to the State of California or to cities, counties, and local governments in the state are generally taxable and should not be deducted. They are treated like any other sale. (Regulation 1614, *Sales to the United States and Its Instrumentalities*, or publication 102, *Sales to the United States Government*.)

Line 8. Sales in Interstate or Foreign Commerce

Enter sales that are exempt from tax as interstate or foreign commerce (sales involving shipments or deliveries from California to points outside this state).

For a sale to be exempt, the sales agreement or contract must require the property to be shipped to an out-of-state point, and you must either:

- Use your company vehicle (or other conveyance operated by your business) to ship the property to that location, or
- Deliver the property to a carrier, customs broker, or forwarding agent for shipment outside this state.
- For more information, see Regulation 1620, *Interstate and Foreign Commerce,* or publication 101*, Sales Delivered Outside California.*

Line 9. Sales Tax Included on Line 1 *(if any)*

Enter only the California sales or use tax amounts that are included on line 1. For more information, see Regulation 1700, *Reimbursement for Sales Tax*.

Line 10. Other Deductions

You must retain records which explain each deduction claimed.

You may be entitled to claim other deductions in addition to those allowed on lines 4 through 9. Enter the amount for those deductions on line 10.

Examples of transactions that may be deductible include the following:

- Sales of medicinal cannabis. The exemption only applies to retail sales on or after November 9, 2016, of medical cannabis, medicinal cannabis concentrate, edible medicinal cannabis products, or topical cannabis as those terms are defined in Business and Professions Code section 26001. To obtain the exemption, qualified patients or their primary caregiver need to provide their valid *Medical Marijuana Identification Card* issued by the California Department of Public Health, under section 11362.71 of the Health and Safety Code, and a valid government-issued identification card at the time of purchase. For additional text relating to this deduction, see *Tax Guide for Cannabis Businesses* online at *www.cdtfa.ca.gov*.
- Sales by pharmacists of prescription medicines for use by humans. For more information, see Regulation 1591, *Medicines and Medical Devices*.

- Transportation charges for delivering goods to a purchaser by an independent carrier (the transportation charges must be separately stated on the invoice). If you charge more for delivery than your actual costs, the added amount is subject to tax and cannot be deducted. For more information, see Regulation 1628, *Transportation Charges*, or publication 100, *Shipping and Delivery Charges*.
- Sales of animals, seeds, plants and fertilizer, used as, or used to produce, food for human consumption. For more information, see Regulation 1587, *Animal Life, Feed, Drugs and Medicines*, Regulation 1588, *Seeds, Plants and Fertilizers*, and *Tax Guide for Agricultural Industry* online at *www.cdtfa.ca.gov*.

For more information, see publication 61, *Sales and Use Taxes: Exemptions and Exclusions*.

Section B. Current Period Tax Recoveries and Deductions

If you have tax recovery deductions or adjustments prior to the period covered by your return, you will be required to complete CDTFA-531-Q, *Schedule Q—Tax Recovery*, to claim those credits.

Line 1. Bad Debt Losses on Taxable Sales

Enter bad debt losses, as described below.

If you have reported a taxable sale and have been unable to collect payment for the sale, you may take a deduction for the taxable sales portion of the bad debt.

Bad debts may take the form of:

- Checks that have been returned to you unpaid by the purchaser's bank which you have determined to be uncollectible, or
- Amounts from charge or credit sales that you have determined to be uncollectible.

The bad debts must be charged off for income tax purposes, or, if you are not required to file income tax returns, the bad debts must be charged off in accordance with generally accepted accounting principles.

Enter only the amount of the sale before tax. For example, if you sold merchandise for $15 plus sales tax and were unable to collect any amount for the sale, you would claim $15 as a deduction.

If you claim a bad debt deduction in a prior period and later recover a payment, you must report the payment on the tax return filed for the period in which the recovery payment was made. (Regulation 1642, *Bad Debts*.)

Line 2. Cost of Tax-Paid Purchases Resold Prior to Use

Claiming Cost of Tax-Paid Purchases Resold Prior to Use (Excludes Motor Vehicle Fuel and/or Diesel Fuel)

- You may claim a deduction on this line if you:
- Paid California sales or use tax when purchasing goods or merchandise, and
- Sold the property without first using it (other than retaining, demonstrating, or displaying it while holding it for sale in the regular course of business).

Enter only the amount of the purchase price before tax. For example, if the property was sold to you for $15 plus tax, you would claim only $15 as a deduction. For more information, see Regulation 1701, *Tax-Paid Purchases Resold*.

Claiming Cost of Tax-Paid Purchases Resold Prior to Use for Motor Vehicle Fuel (MVF) and/or Diesel Fuel

If you paid California sales or use tax on motor vehicle fuel and/or diesel fuel and you need to claim a tax recovery deduction (that is, Cost of Tax-Paid Purchases Resold Prior to Use), please follow the detailed instructions below. For additional text relating to this deduction, see *Tax Guide for Motor Vehicle Dealers* online at *www.cdtfa.ca.gov*.

To calculate your allowable *Cost of Tax-Paid Purchases Resold* deduction for motor vehicle fuel purchases, you will need to know:

1. The total cost of your motor vehicle fuel purchases, and
2. The tax rate of the fuel station's location.

After you have gathered this information, follow the steps below. Calculations transferred to the return should be in whole

dollars. As a result, there may be minor differences due to rounding when calculating the return.

To illustrate, we included an example that assumes $30,000.00 in motor vehicle fuel purchased at a location with an 8.50 percent tax rate.

			Example	Worksheet	
A	Enter the total amount of motor vehicle fuel purchases.		$ 30,000.00	$	A
B	Enter the tax rate of the fuel station location (look up city and county tax rate). Enter the tax rate as a decimal.		0.085		B
C	Motor vehicle fuel partial state-exemption rate.		**0.0500**	**0.0500**	C
D	Subtract line C from line B. This is the rate you actually paid on your motor vehicle fuel purchases.	B – C	0.0350		D
E	Factor.		**1.0000**	**1.0000**	E
F	Add line D and line E.	D + E	1.0350		F
G	Divide line A by line F. This is the measure of motor vehicle fuel purchased excluding tax.	A ÷ F	$ 28,985.51		G
H	Subtract line G from line A. This is the amount of tax on motor vehicle fuel to be recovered.	A – G	$ 1,014.49		H
I	Enter the combined state and local tax rate for the period. Enter the tax rate as a decimal.		0.0725	0.0725	I
J	Subtract line I from line B.	B – I	0.0125		J
K	If line J is zero, enter zero here. Otherwise, multiply line G by line J. This is the amount of district tax paid.	G x J	$ 362.32		K
L	Subtract line K from line H. This is the amount of state, local, and county tax paid.	H – K	$ 652.17		L
M	Divide line L by line I. This is the amount of your *Cost of Tax-Paid Purchases Resold* deduction on your sales and use tax return. In addition, this amount must be subtracted from your sales for the appropriate tax jurisdiction on CDTFA-531-A2, *Schedule A2—Computation Schedule for District Tax—Long Form* (Column A5). Round to the nearest dollar.	L ÷ I	$ 8,996		M
N	If line J is zero enter zero here. Otherwise, divide line K by line J. Round to the nearest dollar.	K ÷ J	$ 28,986		N
O	If line J is zero, enter zero here. Otherwise, subtract line N from line M. Enter this amount on CDTFA-531-A2 adjustment column (Column A6/A7).	M – N	$ -19,990		O

CLAIMING COST OF TAX-PAID PURCHASES RESOLD PRIOR TO USE (DIESEL FUEL)

To calculate the correct amount of your allowable *Cost of Tax-Paid Purchases Resold* deduction for diesel fuel purchases, you will need to know:

1. The total cost of your diesel fuel purchases, and
2. The number of gallons of diesel fuel purchases, and
3. The tax rate of the fuel station's location.

After you have gathered this information, follow the steps below. Calculations transferred to the return should be in whole dollars. As a result, there may be minor differences due to rounding when calculating the return.

To illustrate, we included an example where 5,000 gallons of diesel fuel were purchased totaling $20,000, the location of purchase has an 8.00 percent tax rate, and the state diesel fuel excise tax is $0.454 per gallon. Please visit our webpage

Sales Tax Rates for Fuels for the most current state diesel fuel excise tax rate.

			Example	Worksheet	
A	Enter the total amount of diesel fuel purchases.		$ 20,000.00		A
B	Enter the number of gallons you purchased.		5,000.00		B
C	State diesel fuel excise tax.		**0.454**	**0.454**	C
D	Multiply line B by line C. This is your nontaxable state diesel excise tax.	B x C	$ 2,270.00		D
E	Subtract line D from line A. This is the tax-included price of diesel without the state excise tax.	A – D	$ 17,730.00		E
F	Enter the tax rate of station's location (look up city and county tax rate). Enter the tax rate as a decimal.		0.0800		F
G	Additional sales tax on diesel fuel.		**0.0575**	**0.0575**	G
H	Add line F and line G. This is the diesel sales tax rate. This is the rate you actually paid on your diesel purchases.	F + G	0.1375		H
I	Factor.		**1.0000**	**1.0000**	I
J	Add line H and line I.	H + I	1.1375		J
K	Divide line E by line J (measure of diesel purchases excluding tax).	E ÷ J	$ 15,587.00		K
L	Subtract line K from line E. This is the amount of sales tax paid on diesel fuel to be recovered.	E – K	$ 2,143.00		L
M	Diesel fuel statewide tax rate.		**0.1300**	**0.1300**	M
N	Subtract line M from line H. This is the district tax rate.	H – M	0.0075		N
O	Multiply line K by line N. This is the amount of district tax paid.	K x N	$ 117.00		O
P	Subtract line O from line L. This is the amount of state, local, county, and state diesel tax paid.	L – O	$ 2,026.00		P
Q	Enter the combined state and local tax rate for the period.		0.0725	0.0725	Q
R	Divide line P by line Q. This is the amount of your *Cost of Tax-Paid Purchases Resold* deduction on your sales and use tax return. This amount must also be subtracted from your sales for the appropriate tax jurisdiction on CDTFA-531-A2, *Schedule A2—Computation Schedule for District Tax—Long Form* (Column A5). Round to the nearest dollar.	P ÷ Q	$ 27,945.00		R
S	Subtract line K from line R. Enter this amount in the adjustment column of the applicable District Tax Area on CDTFA-531-A2 (Column A6/A7). Round to the nearest dollar.	R – K	$ 12,358.00		S

Line 3. Returned Taxable Merchandise

Enter amounts you credited or refunded to customers for returned taxable merchandise, as described below. You can take this deduction only if:

- You returned or credited to your customer the full sales price, including sales tax charges, and
- The customer, in order to obtain the refund or credit, is not required to purchase other property at a price greater than the amount charged for the property returned.

Claim only the amount of the sale before tax. For example, if the returned merchandise had been sold for $15 plus sales tax, you would claim only $15 as a deduction. For more information, see Regulation 1655, *Returns, Defects and Replacements*.

Line 4. Cash Discounts on Taxable Sales

If you gave a cash discount to a customer on a taxable sale, enter the amount of the discount here.

You can claim a deduction on this line only if you reported the full (undiscounted) selling price on line 1. Do not use this line if you reported the discounted selling price on line 1 of this return or a previous return. In addition, you must ensure that you do not collect from your customer more tax than the amount due on the discounted price. If you collect more than the amount due on the discounted price, you cannot claim this deduction. For more information, see Regulation 1671, *Trading Stamps and Related Promotional Plans*, and Regulation 1700, *Reimbursement for Sales Tax*.

Section C. Current Period Partial Tax Exemptions at 0.05 Partial Exemption Rate

Exemption Certificate Requirements

Retailers who wish to claim a partial exemption must obtain from purchasers a timely, valid exemption certificate as described in Regulation 1667, *Exemption Certificates*. CDTFA has designed a specific certificate for this purpose, entitled, "Partial Exemption Certificate." The certificate is available on our website at *www.cdtfa.ca.gov* or by calling our Customer Service Center toll-free at 1-800-400-7115 (TTY:711) for a copy. Retailers must retain the completed certificate for a period of at least four years.

Line 1. Teleproduction Equipment

Complete this line to claim an exemption for sales or purchases made by qualified persons of tangible personal property used primarily in:

- Teleproduction or other postproduction services for film or video that include editing, film and video transfers, transcoding, dubbing, subtitling, credits, closed captioning, audio production, special effects (visual or sound), graphics, animation; or
- With respect to property with a useful life of at least one year to maintain, repair, measure, or test property used primarily in teleproduction or other postproduction services.

A qualified person is a business that is primarily engaged in providing the specialized motion picture or video postproduction services described above.

A qualified purchaser must provide the retailer with either a Blanket Exemption Certificate, or Partial Exemption Certificate detailed in Revenue and Taxation Code (RTC) section 6378; otherwise, the exemption will not be allowed.

This exemption does not apply to the sale or use of any tangible personal property that is used primarily in administration, general management, or marketing (used 50.00 percent or more of the time in one or more of those activities). For more information, see Regulation 1532, *Teleproduction or Other Postproduction Service Equipment*.

Line 2. Farm Equipment and Machinery

For a description of exempt farm equipment and who is eligible to claim this exemption see publication 66, *Agricultural Industry*, Regulation 1533.1, *Farm Equipment and Machinery*, and *Tax Guide for Agricultural Industry* online at *www.cdtfa.ca.gov*.

Complete this line to claim a partial exemption for the sale, storage, use or other consumption of qualified farm equipment, machinery and their parts, as described below. The partial exemption also applies to qualified lease payments for farm equipment and machinery rentals.

Who Can Claim a Partial Exemption?

You can claim this partial exemption if you are a person engaged in an agricultural business described in Codes 0111 to 0291 of the Standard Industrial Classification (SIC) manual or are a person that assists such classified persons by performing an agricultural service described in Codes 0711 to 0783 of the SIC manual.

What Type of Equipment Is Eligible?

- "Implements of husbandry," as defined in RTC section 411. Such property generally includes any tool, machinery, equipment, appliance, device, or apparatus. The farm equipment, machinery, and parts must be used primarily in producing and harvesting agricultural products. "Primarily" means 50.00 percent or more of the time.
- Property as defined in Chapter 1, Division 16, of the Vehicle Code used exclusively in agricultural operations. Such property under certain conditions includes lift carriers, tip-bed type trailers, trailers/semi-trailers having no bed, spray or fertilizer applicator rigs, nurse rigs or equipment auxiliaries, row dusters, trap wagons, fertilizer nurse tanks or trailers, cotton trailers, truck tractors, and truck tractor/semi-trailer combinations. Vehicles primarily designed for the transportation of persons or property on a highway are generally not considered implements of husbandry and, therefore, do not qualify for this partial exemption.

Line 3. Diesel Fuel Used in Farming and Food Processing

For additional information for this exemption, refer to publication 66, Regulation 1533.2, *Diesel Fuel Used in Farming Activities or Food Processing*, and *Tax Guide for Agricultural Industry* online at *www.cdtfa.ca.gov*.

Complete this line to claim a partial-tax exemption for the sale, storage, use, or other consumption of diesel fuel used in farming or food processing activities.

The diesel fuel must be consumed during the activities of a farming business as set forth in Internal Revenue Code (IRC) 263A or food processing. A farming business is a business that grows crops, fruit- or nut-bearing trees, sod, or nursery plants. Farming activities also include transporting these crops, fruit- or nut-bearing trees, sod, or nursery plants to the marketplace.

Line 4. Timber Harvesting Equipment and Machinery

For additional information for this exemption, refer to Regulation 1534, *Timber Harvesting Equipment and Machinery*.

Complete this line to claim a partial exemption of the sales and use tax for the sale, use, or other consumption of timber harvesting equipment, machinery, and their parts. Such equipment and machinery must be designed for use 50.00 percent or more of the time off-road in commercial timber harvesting and be used 50.00 percent or more of the time in timber harvesting. A qualified person is a person who is engaged in commercial timber harvesting. Commercial timber harvesting involves the cutting or removal, or both, of timber and other solid wood forest products from timberlands for commercial purposes. The partial exemption also applies to a qualified person's lease payments for qualified commercial timber harvesting equipment and machinery rentals.

Timber is considered to be trees of any species, excluding nursery stock, harvested for forest products. Some examples of these products include firewood, Christmas trees, biomass, poles, and pilings.

Typical off-road commercial harvesting equipment and machinery and their general use that may be eligible for this partial exemption include:

- Tractors or rubber-tired skidders—move the logs from the woods to the logging trucks.
- Front-end loaders—load logs onto trucks.
- Feller-bunchers—cut very small trees.
- Cable Yarders—harvest trees on very steep slopes by suspending the logs on a cable.
- Chippers—chip small logs and brush into very small pieces.
- Chainsaws—used to cut down trees.

Line 5. Racehorse Breeding Stock

For additional information for this exemption, refer to Regulation 1535, *Racehorse Breeding Stock*.

Complete this line to claim a partial exemption of the sales and use tax for the sale, storage, use, or other consumption of "racehorse breeding stock."

"Racehorse breeding stock" means racehorses capable of, and purchased solely for, the purpose of breeding.

Section D. Current Period Partial Tax Exemptions at 0.039375 Partial Exemption Rate

Line 1. Manufacturing and Research & Development Equipment

For additional information for this exemption, see Regulation 1525.4, *Manufacturing, Research and Development, and Electric Power Equipment*, and our *Tax Guide for Manufacturing, and Research & Development, and Electric Power Equipment & Buildings Exemption* located at *www.cdtfa.ca.gov.*

This transaction is partially exempt from the total sales and use tax rate. It remains subject to 3.3125 percent of the total sales and use tax rate, plus any applicable district taxes.

Complete this line to claim a partial state tax exemption for the sale, storage, use or other consumption of qualified manufacturing and research and development equipment, as described below.

To be eligible under this law, the purchaser must meet all three of these conditions:

- Be engaged in certain types of business, also known as a "qualified person."
- Purchase "qualified property."
- Use that qualified property for the uses allowed by this law.

Line 2. Zero-Emission Motor Vehicle Exemption

Complete this line to claim a partial state tax exemption for the sale, storage, use, or other consumption of a qualified zero-emission motor vehicle **sold to a qualified buyer**.

For additional information for this exemption, refer to RTC section 6368.2.

Prior Period Tax Recovery (CDTFA-531-Q)

To claim a tax recovery from a prior period, complete CDTFA-531-Q, *Schedule Q—Tax Recovery.* Enter the total on page 1, line 20b.

Page 1

Line 11. Total Nontaxable Transactions Reported

This is your total nontaxable transaction(s) from Section B, line 6, on page 3 of your return. This amount will be subtracted from the total of your sales and purchases to arrive at the amount on which tax is calculated.

Line 12. Transactions Subject to State Tax

Subtract line 11 from line 3. Enter the result on line 12.

Line 13. State Tax 6.00 Percent

Multiply line 12 by 0.06. This is the amount of state tax. For a breakdown of the state tax rate, see *Detailed Description of the Sales and Use Tax Rate* located on our website at *www.cdtfa.ca.gov.*

Line 14. County Tax ¼ Percent

Multiply line 12 by 0.0025. This is the amount of county taxes. Enter the result on line 14.

Line 15. Local Tax 1.00 Percent

Multiply line 12 by 0.01. This is the amount of local taxes. Enter the result on line 15.

Line 16. District Tax

If your transaction(s) occur(s) in more than one taxing jurisdiction (higher than the current state tax rate), you must complete CDTFA-531-A2, *Schedule A2—Computation Schedule for District Tax—Long Form*. Instructions are included with the schedule.

Line 17. Total State, County, Local, and District Tax

Line 17 represents the total tax liability for this reporting period. Add lines 13, 14, 15, and 16. Enter the result on line 17.

Line 18. Excess Tax Collected

If you have overcharged your customers and collected more sales tax than the amount reported due, enter the amount of sales tax that you have over-collected.

Line 19. Total Tax Amount

Add line 17 and line 18. Enter the result on line 19.

Line 20a. Credit for Current Period Partial Tax Exemptions

Complete Sections C and D on page 3 of the return. The Total Current Period Partial Exemption Amount on page 3, Section D, line 6 should be entered on page 1, line 20a.

Line 20b. Credit for Prior Period Tax Recovery

Complete CDTFA-531-Q, *Schedule Q—Tax Recovery*, and enter the total tax recovery adjustment amount on page 1, line 20b. Instructions are included with CDTFA-531-Q.

Line 20c. Credit for Tax Paid to Other States

Complete CDTFA-531-P, *Schedule P—Tax Paid to Other State(s)*, and enter the total credit for tax paid to other states amount on page 1, line 20c. Instructions are included with CDTFA-531-P.

Line 20d. Credit for Aircraft Common Carrier Partial Exemption

Complete CDTFA-531-X, *Schedule X—Partial Exemption from Bradley-Burns Local Taxes Aircraft Common Carrier*, and enter the total credit for aircraft common carrier partial exemption amount on page 1, line 20d. Instructions are included with CDTFA-531-X.

Line 20e. Total Credit

Add lines 20a, 20b, 20c, and 20d. Enter the result on line 20e.

Line 21. Net Tax

Subtract line 20e from line 19. Enter the result on line 21.

Line 22. Less Tax Prepayments

Complete this line if you made any tax prepayments. Businesses with average monthly taxable transactions of $17,000 or more must make prepayments, once notified by CDTFA.

Enter the prepayment amounts in the proper spaces. This credit is limited to the amounts of tax prepaid and should not include penalties or interest charges reported with your prepayments.

If you are reporting a zero prepayment for any period because you had no taxable transactions, you must check the box below the appropriate prepayment field to certify that you had no prepayment due.

Note: FUEL SELLERS—If you sell fuel and pay sales tax to your fuel supplier, do not use this line to claim a credit for those tax payments. Credit can be claimed on CDTFA-531-G, *Schedule G—Fuel Seller's Supplement to Sales and Use Tax Return*.

Line 23. Net Tax Less Prepayments

Subtract line 22 from line 21. Enter the result on line 23.

Line 24. Penalty

If your tax payment is made or your tax return is filed after the due date shown at the top of the return, you must pay a ten percent penalty. Multiply line 23 by 0.10, and enter the result on line 24.

Returns and payments must be postmarked or received by the due date of the return to be considered timely. If the due date falls on a Saturday, Sunday, or state holiday, returns postmarked or received by the next business day will be considered timely.

Businesses required to pay sales and use taxes by EFT may also be subject to a ten percent penalty for failure to pay by EFT (payment made by check, for example). However, a ten percent maximum penalty applies to returns and return payments.

Line 25. Interest

If your payment is late (see line 24 in the instructions above for an explanation of due dates), you must pay interest charges in addition to penalty charges.

You owe one month of interest for each month or portion of a month the payment is overdue. For example, if your payment is one month and two weeks overdue, you owe two months of interest.

Use the Interest Rate Calculator on line 25 of your return to calculate the interest due. Enter the result on line 25.

Reminder: If you owe two or more months' interest, as described above, you must multiply the amount due by the number of months overdue.

Line 26. Total Amount Due and Payable

Add lines 23, 24, and 25. Enter the result on line 26. See page 1 for acceptable payment methods.

Line 27. Sales at State-Designated Fairgrounds

As of July 1, 2018, you must report the portion of sales reported on line 1 for which the place of sale is on or within the real property of a state-designated fair or any real property of a state-designated fair that is leased to another party. Enter the amount of sales you made on state-designated fairgrounds on line 27. The amount reported on line 27 is only for informational purposes and is not to be used for calculating any sales or use tax on this return. A complete listing of state-designated fairs is available on our website at *www.cdtfa.ca.gov/taxes-and-fees/state-fairgrounds-list.htm*.

Line 28. Total Taxable Sales Made at Historic Venues

As of January 1, 2024, you must report the taxable sales made during live and ticketed events at historic venues. Complete CDTFA-531-HV, *Schedule HV—Historic Venue Allocation*, and enter the total amount on line 28 of this return. The amount reported on line 28 is only for informational purposes and is not to be used for calculating any sales or use tax on this return. For more information on reporting taxable sales at historic venues, and a complete listing of historic venues, please see our webpage at *www.cdtfa.ca.gov/industry/historic-venue.htm*.

Completing Your Return

To complete your return, please include your signature, printed name and title, date, email address, and telephone number.

If your return was completed by someone other than you, please include your preparer's name and telephone number.

Make a copy of this return for your records.

If you're paying by check or money order, remember to make your check or money order payable to California Department of Tax and Fee Administration. Write your account number on your check or money order.

Send your return to:

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION
PO BOX 942879
SACRAMENTO CA 94279-8062