

CALIFORNIA TAX MATRIX FOR REMOTE SELLERS



New Use Tax and District Use Tax Collection Requirements for Remote Sellers; Operative April 1, 2019

The California Legislature 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 Tax and Fee Department (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 retailer exceed \$500,000, and
- All retailers required to be registered with the CDFTA, 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 use 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.

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.

This Tax Matrix summarizes the Sales and Use Tax Law and applicable regulations in effect when the matrix was written. However, changes in the law or in regulations may have occurred since that time. If there is a conflict between the text in this matrix and the law, the decision will be based on the law and not on this matrix. We urge you to read the applicable sources included in the matrix or [contact us at CDTFA](#) if you need further information.

You can search for items by key words using the “Ctrl F” function (hit the “Ctrl” key and the “F” key on your keyboard to bring up the *Find* box; then type in a key word to search the document).

DESCRIPTION	TAXABLE	EXPLANATION	REFERENCE
Alcoholic beverages: beer, wine, distilled spirits	Taxable—subject to additional licensing requirements and tax	Tax applies to the retail sales of tangible personal property, including beer, wine, and distilled spirits. In addition to the sales and use tax, California also imposes an Alcoholic Beverage Tax on the sale, distribution, or importation of alcoholic beverages in California. In general, if a seller of alcoholic beverages is required to obtain certain licenses issued by the Department of Alcoholic Beverage Control (ABC), the seller must also register with the CDTFA for an Alcoholic Beverage Tax account. For more information on licensing requirements, see the Department of Alcoholic Beverage Control and the Alcohol and Tobacco Tax and Trade Bureau .	R&TC 6051 R&TC 6201 R&TC 6359 Publication 92
Animals – “food animals”	Exempt	Tax does not apply to sales of any form of animal life of a kind the products of which ordinarily constitute food for human consumption (food animals), for example, cattle, sheep, swine, baby chicks, hatching eggs, fish, bees, ostriches, and emus.	R&TC 6358 Regulation 1587
Animals – pets, nonfood animals	Taxable	Tax applies to retail sales of tangible personal property, including animals that are not ordinarily considered food for human consumption, for example cats, dogs, horses, mink, and canaries.	R&TC 6051 R&TC 6201 Publication 122

DESCRIPTION	TAXABLE	EXPLANATION	REFERENCE
Antiques, art work, curios	Taxable	Tax applies to retail sales of tangible personal property, including antiques, artwork, curios, decorative items, etc.	R&TC 6051 R&TC 6201
Auctioneers – sales made by	Taxable unless owner of property bids on his/her own property at the auction.	An auctioneer making retail sales of tangible personal property owned by the auctioneer or others is the retailer of such property. Tax is due on the final selling price (bid price), plus any buyer's premium that is added to the final bid price. However, tax does not apply when an owner of property delivers it to an auctioneer for auction and bids in its own property at the auction.	R&TC 6015 Regulation 1565
Banks, other than federally-chartered banks exempt from direct state taxation – sales to	Taxable	Tax applies to retail sales of tangible personal property to banks that are not federally-chartered. Federal law does not prohibit the state from taxing such sales.	R&TC 6352 Regulation 1567
Banks, other than federally-chartered banks exempt from direct state taxation – sales by	Taxable	Tax applies to retail sales of tangible personal property by banks that are not federally-chartered. Federal law does not prohibit the state from taxing such sales.	R&TC 6352 Regulation 1567
Banks exempt from direct state taxation – sales to	Exempt	Tax does not apply to retail sales of tangible personal property to federally-chartered banks exempt from direct state taxation under federal law, for example, federal reserve banks and federal home loans banks.	R&TC 6203 R&TC 6352 Regulation 1567
Banks exempt from direct state taxation – sales by	Exempt from sales tax; subject to use tax	Sales tax does not apply to retail sales of tangible personal property by federally-chartered banks exempt from direct state taxation under federal law, but use tax does apply and federally-chartered banks that are engaged in business in California must collect the use tax from the purchaser and pay the tax to the CDTFA.	R&TC 6203I R&TC 6352 Regulation 1567
Batteries	Taxable – may be subject to additional fees	Tax applies to retail sales of tangible personal property, including all types of batteries. In addition, California imposes a lead-acid battery fee on replacement of lead-acid battery, which includes a new battery sold at retail to replace the battery that originally came with the vehicle, equipment, watercraft, or aircraft. A Manufacturer Battery Fee is also imposed on the manufacturer for each retail sale of lead-acid batteries in California. Retailers and manufacturers of lead-acid batteries are required to register for a California Battery Fee account in addition to registering for a seller's permit or Certificate of Registration – Use Tax. For more information, see our online Tax Guide for Lead-Acid Battery Fees .	R&TC 6007 R&TC 6051I R&TC 6202 HSC 25215-25215.75 Special Notice L-606
Books	Taxable	Tax applies to retail sales of tangible personal property, including books in tangible form, such as hardcover and soft cover books.	R&TC 6051 R&TC 6201
Blood storage units	Exempt	Tax does not apply to sales of any container used to collect or store human blood, plasma, or blood derivatives held in a blood bank including any disposable tubing, filters, grommets, and needles sold along with the containers.	R&TC 6364.5 Regulation 1589

DESCRIPTION	TAXABLE	EXPLANATION	REFERENCE
Buddy poppies and similar lapel pins	Exempt	Tax does not apply to the sale or use of a “Buddy Poppy” or any other symbolic, impermanent lapel pin that memorializes U.S. military veterans killed in foreign wars of the U.S. by a corporation established by Congress.	R&TC 6360.1
Candy, snack items, coffee, tea, milk, etc.	Exempt	In general, tax does not apply to sales of food products for human consumption. Exempt food products include, but are not limited to cereal, meat and meat products, fish and fish products, eggs and egg products, vegetables, fruit, spices, salt, sugar, candy, gum, coffee, tea, milk and milk products, fruit or vegetable juices, and bottled water.	R&TC 6359 Regulation 1602 Publication 31
Cash and purchase discounts	Not taxable	Cash discounts allowed by the retailer for prompt payment and taken on sales are not included in “sales price” or “gross receipts” and therefore, are not included in the measure (computation) of tax. In addition, discounts offered by a retailer to its customer, for example paper or paperless coupons, for which the retailer does <i>not</i> receive compensation from a third-party (for example, a manufacturer or wholesaler) are not considered part of the selling price and not subject to tax.	R&TC 6011 R&TC 6012 Regulation 1671.1 Publication 113
Cell phones	Taxable	Tax applies to retail sales of tangible personal property, including cell phones or other wireless telecommunication devices. A service contract for wireless service is not subject to tax; however, when a wireless device is sold with wireless service in a “bundled transaction,” the unbundled sales price of that device is included in the measure (computation) of tax. Also when a wireless device is sold for less than 50 percent of cost, tax applies to the cost of the device to the retailer. You may find more information in Regulation 1585 , <i>Cellular Telephones, Pages, and Other Wireless Telecommunication Devices</i> in our online Tax Guide for Mobile Vendors .	R&TC 6011 R&TC 6012 R&TC 6051 R&TC 6201 Regulation 1585
Cigarettes or tobacco products	Taxable – may be subject to additional taxes	Tax applies to retail sales of tangible personal property, including cigarettes and tobacco products. Additionally, out-of-state retailers selling cigarettes and tobacco products into California may be subject to the Cigarette and Tobacco Products Tax and additional licensing requirements. For more information, see our online Tax Guide for Cigarette and Tobacco Products .	R&TC 6051 R&TC 6201 R&TC 30001-30451
Clothing – off the rack, custom clothing	Taxable	Tax applies to retail sales of tangible personal property, including off-the-rack and custom-made clothing. The measure of tax for custom-made clothing is the entire selling price without a deduction for the cost of making the custom clothing.	R&TC 6011 R&TC 6012 R&TC 6051 R&TC 6201
Collector coins	Taxable	In general, tax applies to retail sales of tangible personal property, including coins as collector’s items or an investment; except for, but not limited to, certain commemorative “California Gold” medallions.	R&TC 6354 Regulation 1599
Computer software – canned or non-custom programs (software) – sales and leases of tangible storage media containing canned or non-custom software.	Taxable	In general, tax applies to the entire amount charged for the retail sale or lease of tangible storage media on which canned or non-custom programs (software) are recorded, including charges for licenses fees and end user fees.	Regulation 1502

DESCRIPTION	TAXABLE	EXPLANATION	REFERENCE
Computer software – canned or non-custom programs (software) – sales and leases transferred electronically	Not taxable	Tax does not apply to charges for the sale or lease of canned or non-custom programs (software) transferred to the purchaser electronically if the purchaser does not receive any type of tangible personal property, such as storage media in the transaction; for example, disk, cards, tapes, etc.	Regulation 1502
Computer software – custom program (software) and programming – sales and leases of	Not taxable	Tax does not apply to the sale or lease of custom programs (software), other than basic operational programs, regardless of the form in which the programs are transferred. Tax does not apply to custom programming services performed in connection with the sale or lease of computer equipment.	Regulation 6010.9 Regulation 1502
Containers	Taxable, unless an exemption applies	Tax applies to retail sales of tangible personal property, including containers, unless an exemption applies. For more information about exemptions for nonreturnable and returnable containers, see Regulation 1589 , <i>Containers and Labels</i> .	Regulation 1589
Credit given to the purchaser by the seller	Taxable	Any amount for which credit is given to the purchaser by the seller is includable in the total sales price or gross receipts subject to tax.	R&TC 6011 R&TC 6012
Diapers (infant and adult)	Taxable	Tax applies to retail sales of tangible personal property, including infant and adult diapers.	R&TC 6051 R&TC 6201
Dietary supplements	Taxable	In general, tax applies to retail sales of dietary supplements. For more information, see Regulation 1602 , <i>Food Products</i> .	R&TC 6051 R&TC 6201 Regulation 1602
Digital books, newspapers, music, or other digital media	Not taxable	Tax does not apply to sales of books, newspapers, music or other media that is transferred digitally or electronically provided the purchaser does not receive any type of tangible personal property, such as storage media in the transaction; for example, disk, cards, tapes, etc.	R&TC 6051 R&TC 6201 Regulation 1502
Drop shipment	See explanation	A retailer engaged in business in California and making a sale to another retailer that is not engaged in business in California for delivery directly to a California consumer (drop shipment) is reclassified as the retailer for purposes of the transaction and liable for tax as provided in Regulation 1706 , <i>Drop Shipments</i> .	R&TC 6007 R&TC 6203 Regulation 1706
Eyeglasses and lenses (corrective) sold by optometrists and others	See explanation	Tax does not apply to corrective eyeglasses and lenses, including contact lenses, furnished by licensed optometrists, physicians, surgeons, and registered dispensing opticians in the performance of their services and tax does not apply to prescription contact lenses dispensed by pharmacists. Instead, they are consumers of the ophthalmic materials and tax applies with respect to the sale of such materials to them.	R&TC 6018 Regulation 1592
Eyeglasses and lenses (non-corrective) sold by optometrists and others	Taxable	In general, tax applies to retail sales of <i>non-corrective</i> eyeglasses and lenses, even when made by licensed optometrists, physicians, surgeons, pharmacists, and registered dispensing opticians.	R&TC 6051 R&TC 6201 Regulation 1592

DESCRIPTION	TAXABLE	EXPLANATION	REFERENCE
Electronics – may be subject to additional fees (eWaste)	Taxable, and certain devices subject to additional fee	<p>Tax applies to retail sales of tangible personal property, including electronic devices. In addition, retailers of certain electronics are also responsible for collecting and reporting the California Covered Electronic Waste Recycling Fee (referred to as “eWaste fee”). Electronic devices subject to the eWaste fee include computer monitors, laptops, portable DVD players with LCD screens, “bare” cathode ray tubes (CRTs) and devices containing CRTS, televisions with LCD screens, plasma screens or CRTs.</p> <p>Retailers of these devices must register for an eWaste account in addition to registering for a seller’s permit or Certificate of Registration – Use Tax. For more information on the eWaste fee, see our online publication, Covered Electronic Waste Recycling Fee.</p>	R&TC 6051 R&TC 6201 Special Notice L-606
Farm machinery and equipment	Taxable – may be eligible for partial tax exemption	<p>Tax applies to retail sales of tangible personal property, including farm equipment and machinery. Farm equipment and machinery may be eligible for a 5 percent exemption from the tax rate (that is, from the statewide tax rate of 7.25 plus district tax, if applicable) when sold to certain ranchers, farmers, or growers, or persons that assist certain ranchers, farmers, or growers, who will use the farm equipment and machinery exclusively or primarily (more than 50% of the time) in producing and harvesting agricultural products.</p> <p>Sellers of farm machinery and equipment must obtain an exemption certificate from their customers to claim the partial tax exemption. For more information, see our online guide, Tax Guide for Agricultural Industry, and look under the Farming Exemptions tab.</p>	R&TC 6356.5 Regulation 1533.1
Feminine hygiene products	Taxable	Tax applies to retail sales of tangible personal property, including feminine hygiene products.	R&TC 6051 R&TC 6201
Feed for animals	Not taxable	<p>Tax does not apply to sales of feed for food animals or feed for non-food animals (for example, pets) that will be sold in the regular course of business, but tax does apply to retail sales of feed for other animals (for example, feed for a consumer’s pet cat, dog, or horse).</p> <p>Sellers of feed should secure feed exemption certificates from their customers for sales of feed that is not subject to tax. You may find examples of the exemption certificate in Regulation 1587, Animal Life, Feed, Drugs and Medicines.</p>	R&TC 6358 Regulation 1587
Fertilizer	Not taxable	Tax does not apply to retail sales of fertilizer to be applied to land or in foliar application the products of which are to be 1) used as food for human consumption, 2) used as feed for animal life of a kind the products of which ordinarily constitute food for human consumption, or 3) sold in the regular course of business.	R&TC 6358 Regulation 1588
Floor coverings	Taxable	Tax applies to retail sale of tangible personal property, including floor coverings.	R&TC 6051 R&TC 6202

DESCRIPTION	TAXABLE	EXPLANATION	REFERENCE
Florists	Taxable	In general, a “florist” is a person who is a retailer who conducts transactions for the delivery of flowers, wreaths, etc., through a florist delivery association. Tax applies to the amounts charged by a florist to customers for delivery of flowers, wreaths, etc., to locations within California even when a florist instructs another to make the delivery. For more information, see Regulation 1571, Florists .	Regulation 1571
Food	Exempt	Tax does not apply to sales of food products for human consumption. Exempt food products include, but are not limited to cereal, meat and meat products, fish and fish products, eggs and egg products, vegetables, fruits, spices, salt, sugar, candy, gum, coffee, tea, milk and milk products, fruit or vegetable juices and bottled water.	R&TC 6359 Regulation 1602 Publication 31
Gift packages or baskets that only contain food products	Not taxable	Generally, sales of gift packages or baskets that contain only food products, such as cheese, crackers, or fruit, are not subject to tax	Publication 106
Gift packages or baskets with nonfood products and combination packages baskets	Taxable; tax may apply to nonfood items, or entire package in certain situations	Gift packages or gift baskets may include nonfood items (such as wine or decorative items), or a combination of food and nonfood items. Tax applies to the entire amount charged for retail sales of gift packages or baskets that only contain nonfood items. However, if nonfood products are included with food products in a “combination package,” it may be necessary to determine the taxable portion of the combination package. For information on how to compute the taxable portion, see publication 106, Combination Packages and Gift-Wrapping .	Regulation 1602 Publication 106
Gift certificates, coupon books, gift cards – sold to consumers	Not taxable	Tax does not apply to retail sales of coupon books, gift certificates, and gift cards which the purchaser can use or redeem to obtain services or tangible personal property. However, tax applies when a retailer takes a gift certificate or gift card as redemption or payment for tangible personal property.	R&TC 6051 R&TC 6202 Regulation 1671.1
Grooming and other hygiene products	Taxable	Tax applies to retail sales of tangible personal property, including grooming products, hygiene products, health and beauty aids, toiletries, etc.	R&TC 6051 R&TC 6201
Health and safety materials	Not taxable for use tax	The use of health and safety educational materials and insignia routinely sold in connection with health and safety and first aid classes are exempt from use tax, but not sales tax, if the materials are: 1) purchased or sold by a national organization formed and operated for charitable purposes, which qualifies for the welfare exemption from property tax and which disseminates such information, and 2) purchased from a national office or a branch or chapter of such national office of the same organization.	R&TC 6409
Infant formula	Exempt	Tax does not apply to sales of food products for human consumption. Baby food, including Infant or baby formula, is an exempt food product and is not subject to tax.	R&TC 6359 Regulation 1602
Insurance companies – sales to	Taxable for sales tax; not taxable for use tax	Sales tax applies to retail sales of tangible personal property in California to insurance companies. However, use tax does not apply to tangible personal property purchased by insurance companies.	R&TC 6352 Regulation 1567

DESCRIPTION	TAXABLE	EXPLANATION	REFERENCE
Labor – fabrication	Taxable	Fabrication is considered to be work done in creating, producing, processing, or assembling a product. It does not include the repair or reconditioning of a used product to refit it for the use for which it was originally intended. Tax applies to charges for fabrication labor performed to produce a taxable product, including charges for fabrication labor performed for a consideration for consumers who furnish the materials used.	R&TC 6006 R&TC 6011 R&TC 6012 Regulation 1526 Publication 108
Labor – installation	Not taxable	Tax does not apply to charges for labor or services used in installing or applying the property sold.	R&TC 6011 R&TC 6012 Regulation 1546
Leases of tangible personal property – in general	Taxable on rental payments or on lessor’s purchase price	In general, tax applies to leases of tangible personal property during the period of time the property is in the state and the rental payments are included in the measure (computation) of tax, unless the lessor paid tax on the purchase price of the property and timely elected not to pay tax on the rental receipts. For more information, please see publication 46 , <i>Leasing Tangible Personal Property</i> and Regulation 1660 , <i>Leases of Tangible Personal Property - In General</i> .	R&TC 6006 R&TC 6006.1 R&TC 6006.3 R&TC 6010 R&TC 6010.1 Regulation 1660 Publication 46
Leases of mobile transportation equipment (MTE)	Taxable on lessor’s purchase price or fair rental value	Mobile Transportation Equipment (MTE) is generally defined as equipment and their component parts which are used to transport persons or property over substantial distances. MTE does not include passenger vehicles, trailers and baggage containers designed for hauling by passenger vehicles, and one-way rental trucks. The lessor is the consumer of MTE and tax applies to the retail sale of MTE to a lessor, unless the lessor makes a timely election to report tax based on fair rental value. For more information, please see publication 46 , <i>Leasing Tangible Personal Property</i> and Regulation 1661 , <i>Leases of Mobile Transportation Equipment</i> .	R&TC 6006 R&TC 6010 R&TC 6023 Regulation 1661 Publication 46
Leases of vehicles other than mobile transportation equipment (MTE)	Taxable on lessor’s purchase price when registered in lessee’s name	In general, the same rules pertaining to leases of tangible personal property other than MTE apply to leases of vehicles. However, if the leased vehicle is registered in the name of the lessee, the lessor may not pay tax on the rental receipts, and a lessor (who is not a certificated dealer, dismantler, manufacturer, or lessor-retailer) is generally required to pay the use tax to the CA Department of Motor Vehicles based on the lessor’s purchase price of the vehicle. For more information see Regulation 1610 , <i>Vehicles, Vessels, and Aircraft</i> , and go to subdivision (d), <i>Leased Vehicles</i> .	R&TC 6006 R&TC 6010 Regulation 1610 Regulation 1660

DESCRIPTION	TAXABLE	EXPLANATION	REFERENCE
Lumber, building and construction materials	Taxable	Tax applies to retail sales of tangible personal property, including lumber and construction and building materials. In addition, California imposes a Lumber Products Assessment of one percent (1%) on lumber products and engineered wood products which are generally defined as building products used in construction and comprised of at least 10 percent wood. Retailers of lumber products or engineered wood products are required to register for a Lumber Account in addition to registering for a seller's permit or Certificate of Registration – Use Tax. For more information, see our online Tax Guide for California Lumber Products Assessment .	R&TC 6051 R&TC 6201 PRC 4629-4629.13 Special Notice L-606
Manufacturer discounts and coupons	Taxable when retailer is reimbursed by manufacturer	Manufacturer's discounts or coupons allow the customer to receive an amount or percentage off the selling price of the manufacturer's product. Amounts paid by a manufacturer to a retailer to reimburse the retailer for the value of a manufacturer's discount or coupon are part of retailer's measure (computation) of tax.	R&TC 6011 R&TC 6012 Regulation 1671.1 Publication 113
Maintenance contracts – mandatory	Taxable when sold with a product that is subject to tax	Tax applies to charges for a mandatory (required as part of the sale) warranty or maintenance contract that is sold with a product that is subject to tax. The parts used by the repairer in the performance of a mandatory warranty or maintenance contract may be purchased for resale.	R&TC 6051 R&TC 6201 Regulation 1502 Regulation 1546 Publication 119
Maintenance contracts – optional	Not taxable when charges are separately stated	In general, separately stated charges for an optional (not required as part of the sale) warranty or maintenance contract are not subject to tax. The retailer is considered the consumer of parts used in the optional maintenance contract, and thus use tax applies to the retailer's use of such parts. Exception: a single lump-sum charge for an optional maintenance contract sold with the sale or lease of canned or non-custom programs on tangible storage media is 50 percent taxable. However, if no tangible personal property is transferred to the customer during the maintenance contract, the charge for the maintenance contract is not subject to tax. See Regulation 1502, Computers, Programs, and Data Processing .	Regulation 1502 Regulation 1546 Publication 119
Manufacturing aids	Taxable	Tax applies to retail sales of tangible personal property, including manufacturing aids such as dies, patterns, jigs, and tooling used in the manufacturing process.	R&TC 6051 R&TC 6201 Regulation 1525.1

DESCRIPTION	TAXABLE	EXPLANATION	REFERENCE
Manufacturing equipment	Taxable, may be eligible for partial exemption	<p>Tax applies to retail sales of tangible personal property, including manufacturing equipment. Certain manufacturers, research and developers, and electric power generation or storage and distribution businesses may be eligible for a partial tax exemption on their purchase or lease of qualified tangible personal property that will be used primarily (50 percent or more of the time) in specified activities related to their business.</p> <p>The current reduced tax rate is 3.3125 percent <i>plus</i> any applicable district taxes. For more information, see our online guide, Tax Guide for Manufacturing and Research & Development Equipment Exemption.</p>	R&TC 6051 R&TC 6201 R&TC 6377.1 Regulation 1525.4
Medical device, appliances, and related supplies	Exempt under certain conditions	<p>Sales of medical devices, appliances, and related supplies, including hemodialysis products that are “medicines” as defined in R&TC section 6369 are exempt from tax when sold or furnished under specified conditions, for example, when dispensed on prescription by a pharmacist or furnished by a licensed physician, dentist, etc. For the application of tax to specific medical devices and appliances, please see Regulation 1591, <i>Medicines and Medical Devices</i>, and Regulation 1591.1, <i>Specific Medical Devices, Appliances, and Related Supplies</i>.</p>	R&TC 6369 R&TC 6369.1 Regulation 1591 Regulation 1591.1
Medicines	Exempt under certain conditions	<p>Sales of medicines as defined in R&TC section 6369 and Regulation 1591 are exempt from tax when sold or furnished under specified conditions, for example, when dispensed on prescription by a pharmacist or furnished by licensed physician, surgeon, dentist, health facility, etc. For the definition of “medicine” for purposes of the exemption and the conditions under which medicine is exempt from tax, please see Regulation 1591, <i>Medicines and Medical Devices</i>.</p>	R&TC 6369 Regulation 1591
Medicines and drugs – non-prescription	Taxable	<p>In general, tax applies to retail sales of non-prescription (over-the-counter) drugs and medicines.</p>	R&TC 6051 R&TC 6201
Medical oxygen delivery systems	Exempt under certain conditions	<p>Tax does not apply to a medical oxygen delivery system when sold, leased, or rented to an individual for personal use as directed by a licensed physician. For the application of tax to other sales and rentals of medical oxygen delivery systems and sales of medical oxygen, please see Regulation 1591.4, <i>Medical Oxygen Delivery Systems</i>.</p>	R&TC 6369.5 Regulation 1591.4
Memorial stones and monuments	Taxable	<p>Tax applies to retail sales of tangible personal property, including memorial stones and monuments.</p>	R&TC 6051 R&TC 6201
Newspapers and periodicals (magazines)	Taxable unless transferred digitally or qualify as an exempt subscription	<p>In general, the sale of tangible (printed) newspapers, magazines and other periodicals is subject to tax. However, sales of subscriptions for newspapers or periodicals which appear at least four, but not more than 60 times each year and are delivered by mail or common carrier are exempt from tax.</p> <p>Mixed print and digital newspaper subscriptions (appears 60 or more times a year) are generally subject to tax based on 47 percent of the charge for the mixed subscription. Digital-only newspaper and periodicals are exempt from tax. For more information, see Regulation 1590, <i>Newspapers and Periodicals</i>.</p>	R&TC 6362.7 R&TC 6362.8 Regulation 1590

DESCRIPTION	TAXABLE	EXPLANATION	REFERENCE
Nonprofits – sales to	Taxable	In general, tax applies to retail sales to nonprofit organizations. However, certain organizations may be exempt from sales and use tax if, among other things, the organization qualifies for the welfare exemption from property tax. For more information, please see our online, Tax Guide for Nonprofit Organizations .	R&TC 6051 R&TC 6201 R&TC 6375 Regulation 1570
Pawnbrokers selling unredeemed property	Taxable	Tax applies to retail sales of tangible personal property made by pawnbrokers, including sales of unredeemed property. However, prior to January 1, 2022, specified transfers of title to vested property to the person who pledged the property to the pawnbroker as security for a loan are not sales subject to tax.	R&TC 6010.15 R&TC 6051 R&TC 6201 Regulation 1569
Personalized tangible personal property	Taxable	Tax applies to retail sale of tangible personal property, including property that has been special-ordered and personalized for the purchaser, such as business cards, labels, name plates, badges and medallions, etc.	R&TC 6051 R&TC 6201
Power generation equipment	Taxable, may be eligible for partial exemption	Tax applies to retail sales of tangible personal property, including manufacturing equipment. Certain manufacturers, research and developers, and electric power generation or storage and distribution business may be eligible for a partial tax exemption on their purchase of qualified tangible personal property that will be used primarily (50 percent or more of the time) in specified activities related to their business. The current reduced tax rate is 3.3125 percent <i>plus</i> any applicable district taxes. For more information, see our online guide, Tax Guide for Manufacturing and Research & Development Equipment Exemption .	R&TC 6051 R&TC 6201 R&TC 6377.1 Regulation 1524.4
Pharmacists sales – non-prescription medicines	Taxable	Tax applies to retail sales of tangible personal property made by licensed pharmacists unless the property sold (drug, device, appliance, etc.) qualifies as “medicine” as defined in R&TC section 6369 and Regulation 1591 and is dispensed on prescription.	R&TC 636 Regulation 1591 Regulation 1591.1l
Photography and products of photo processing	Taxable	Tax applies to retail sales of tangible personal property, including photographs, photocopies, prints, enlargements, and charges for coloring and tinting new pictures.	R&TC 6051 R&TC 6201 Regulation 1528
Prepaid phone cards	Not taxable	Sales of prepaid telephone calling cards with prepaid service are sales of services, not sales of tangible personal property and are not subject to tax.	
Prepaid mobile telephony services (MTS)	Not taxable, subject to local prepaid MTS charges	Prepaid MTS services are wireless services and plans that customers purchase upfront prior to using the service, such as prepaid wireless cards or minutes, and prepaid wireless refill or top-off cards. Sales of prepaid MTS are not subject to tax. However, sellers are required to collect local prepaid MTS charges on sales to California customers. Sellers of prepaid MTS (other than telecommunication service suppliers) are required to obtain a Prepaid MTS account. For more information, see our online, Tax Guide for Prepaid Mobile Telephony Services (MTS) Surcharge .	R&TC 42001-42024 R&TC 42100-42111 Regulations 2460-2462

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Printed materials	Taxable	In general, tax applies to retail sales of printed materials regardless of whether the printer or consumer furnishes the materials. For more information, including the application of tax to special printing aids (that is, printers' reusable manufacturing aids unique to a particular customer), see Regulation 1541, Printing and Related Arts .	R&TC 6006 R&TC 6010 R&TC 6051 R&TC 6201 Regulation 1541
Printed sales messages	Exempt under certain conditions	"Printed sales messages" are limited to catalogs, letters, circulars, brochures, and pamphlets printed for the principal purpose of advertising or promoting goods or services. Tax does not apply to the sale of printed sales messages that are 1) printed to the special order of the purchaser, 2) delivered by the seller or common carrier, and 3) received by persons other than the purchaser no cost to that person. For more information, see Regulation 1541.5, Printed Sales Messages .	R&TC 6379.5 Regulation 1541.5
Prizes given to each customer or awarded for winning by operators of games.	Taxable	Tax applies to a game operator's gross receipts when each customer is certain to receive a tangible prize. However, if the winning of a tangible prize is dependent upon chance or skill, the game operator is the consumer of the prize and tax applies to the sale to or use of the prize by the operator. For more information see Regulation 1670, Gifts, Marketing Aids, Premiums and Prizes .	R&TC 6006 R&TC 6010 R&TC 6051 R&TC 6201 Regulation 1670
Rebates and other incentives	Taxable when issued to the retailer by third party	In general, rebates and incentives, such as "Buy-Down Rebates," "Voluntary Price Reductions," "Promotions," "Instant Rebates," etc., that are issued to the retailer by a manufacturer or other third party in exchange for a reduction in the retailer's selling price of certain tangible products are includable as part of the retailer's measure (computation) of tax. However, rebates that are issued by the manufacturer or other third party directly to the customer following the purchase of certain products from a retailer are <i>not</i> part of the retailer's measure of tax. You may find more information about rebates in publication 113, Coupons, Discounts and Rebates , and in Regulation 1671.1, Discounts, Coupons, Rebates, and Other Incentives .	R&TC 6011 R&TC 6012 Regulation 1671.1 Publication 113
Repair parts	Taxable if separate charge or more than 10 percent of total charge	In general, tax applies to separately stated charges for repair parts. However, if the retail value of the parts and materials furnished in connection with repair work is 10 percent or less of the total charge (as defined in Regulation 1546), and if no separate charge is made for such property, the repairman is the consumer of the property, and tax applies to the sale of the property to him.	R&TC 6006 R&TC 6010 Regulation 1546
Returned merchandise	Not taxable when certain conditions are met	In general, amounts charged to a purchaser for returned merchandise are not part of the measure (computation) of tax when the retailer refunds the full sales price (less rehandling and restocking costs), including tax, and the purchaser is not required to purchase other property at a greater price. Retailers may claim a deduction on their sales and use tax return for the amount charged for returned merchandise that was previously reported as taxable. For more information, see Regulation 1655, Returns, Defects and Replacements .	R&TC 6011 R&TC 6012 Regulation 1655

DESCRIPTION	TAXABLE	EXPLANATION	REFERENCE
Sales tax holiday	None in California	Not applicable in California	
Seeds and plants, including trees, shrubbery, etc.	Taxable, except when certain conditions are met	In general, tax applies to retail sales of tangible personal property, including seeds and plants (trees, shrubbery, etc.). However, tax does not apply to sales of seeds, plants, the products of which ordinarily constitute food for human consumption or the products of which are to be sold in the regular course of business.	R&TC 6051 R&TC 6201 R&TC 6358 Regulation 1588
Signs	Taxable	Tax applies to retail sales of tangible personal property, including signs, regardless of whether the signs are special-ordered or personalized for the purchaser.	R&TC 6051 R&TC 6201
Soft drinks	Taxable	Tax applies to retail sales of tangible personal property, including soft drinks, such as carbonated or effervescent bottled waters, or carbonated beverages. The exemption for food products does not apply to carbonated beverages.	R&TC 6051 R&TC 6201 R&TC 6359 Regulation 1602
Tires – subject to additional fees	Taxable, and subject to additional fee	Tax applies to retail sale of tangible personal property, including tires. In addition, California imposes a Tire Fee on a person who purchases new solid or pneumatic tires for use in California and requires retailers of new tires to collect the fee. Retailers of new tires and lessors of new or used vehicles or equipment with new tires purchased without paying the fee are required to register for a California Tire Fee account in addition to registering for a seller's permit or Certificate of Registration – Use Tax. For more information on the Tire Fee, see our California Tire Fee webpage.	R&TC 6051 R&TC 6201 Special Notice L-606
Traded-in property	Taxable	Tax applies to retail sales of tangible personal property, including sales made in return for money, other property, or a combination of both. In general, when property is traded-in on the purchase of other merchandise, the retailer accepting the trade-in must include in the measure (computation) of tax the amount agreed upon between the seller and buyer as the allowance for the trade in.	R&TC 6006 R&TC 6010 R&TC 6011 R&TC 6012 Regulation 1654
U.S. Government – sales to	Exempt	In general, tax does not apply to sales made to the United States or its unincorporated agencies and instrumentalities, or any incorporated agency or instrumentality of the United States. For more information, see Regulation 1614 , <i>Sales to the United States and Its Instrumentalities</i> .	R&TC 6351 R&TC 6381 Regulation 1614
Vehicle modifications for handicapped persons	Not taxable	Sales of property used to modify vehicles for physically handicapped persons are exempt from tax.	R&TC 6369.4

DESCRIPTION	TAXABLE	EXPLANATION	REFERENCE
Vehicles, vessels, and aircraft	Taxable – due from purchase	In general, tax applies to retail sales of vehicles, vessels, and aircraft. However, specified sales of vehicles, vessels, and aircraft are subject to use tax, not sales tax, and purchasers of vehicles, aircraft, and documented vessels for use in California are required to pay the use tax directly to the CDTFA when an amount for sales tax is not paid to a California dealer. This includes purchases of vehicles, documented vessels, and aircraft from out-of-state sellers.	R&TC 6282 R&TC 6283 R&TC 6291 R&TC 6292 R&TC 6293 Regulation 1610
Veterinarians – sales of drugs and medicines	See explanation	<p>Licensed veterinarians are the consumers of drugs and medicines used or furnished with related professional services and as such, tax applies with respect to the sale of such drugs and medicines to them. Licensed veterinarians are retailers of drugs and medicines that are <i>not</i> furnished with related professional services; tax generally applies with respect to the sale of such drugs and medicines by them and they may purchase such drugs and medicine for resale.</p> <p>However, there are exemptions for drugs or medicines, including oxygen, the primary purpose of which is the prevention or control of disease, that are administered to animal life the products of which ordinarily constitute food for human consumption (food animals). There is also an exemption for drugs or medicines administered to animal life as an additive to feed or drinking water, the primary purpose of which is the prevention and control of disease of nonfood animals which are to be sold in the regular course of business.</p>	R&TC 6018.1 R&TC 6358 R&TC 6358.4 Publication 36
Water – bottled	Exempt unless carbonated or effervescent	Tax does not apply to the retail sale of bottled water unless the water is carbonated or effervescent.	R&TC 6051 R&TC 6201 Regulation 1602
Wheelchairs, crutches, canes and walkers	Exempt under certain conditions	Tax does not apply to the sales of wheelchairs, crutches, canes, quad canes, white canes for the legally blind, and walkers to an individual for personal use as directed by a licensed physician.	R&TC 6369.2 Regulation 1591.2
Window coverings, such as curtains, blinds, awnings, etc.	Taxable	Tax applies to retail sales of tangible personal property, including window coverings, such as curtains and blinds, regardless of whether they are made-to-order items. The measure (computation) of tax includes the entire selling price without a deduction for the cost of labor to make the item.	R&TC 6011 R&TC 6012 R&TC 6051 R&TC 6201