

## For more information

If you have any questions regarding use tax or registering for an account, you may contact your local [CDTFA office](#), 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 7:30 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), call 1-916-324-2798 (or toll-free, 1-888-324-2798), fax to 1-916-323-3319, email to [taxpayer.rights@cdtfa.ca.gov](mailto:taxpayer.rights@cdtfa.ca.gov), or write to: Taxpayers' Rights Advocate, MIC:70; California Department of Tax and Fee Administration; P.O. Box 942879; Sacramento, CA 94279-0070.

*Please 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](http://CDTFA.CA.GOV)

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**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 for use in California 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, 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 that 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 that 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?

Revenue and Taxation Code (R&TC) [section 6225](#) requires you to register for use tax if you are a qualified purchaser (see [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 R&TC [section 6005](#)) who meets the following conditions:

- Prior to January 1, 2024, you received at least \$100,000 in gross receipts from business operations per calendar year,
- Beginning January 1, 2024, through December 31, 2028, you make more than \$10,000 in purchases subject to use tax (excluding vehicles, vessels, or aircraft) per calendar year if the use tax imposed on those purchases has not otherwise been paid to a retailer authorized to collect the tax, or
- Beginning January 1, 2029, you receive at least \$100,000 in gross receipts from business operations per calendar year.
- You are not required to hold a seller's permit or certificate of registration for use tax.
- You do not hold a use tax direct payment permit.
- You are not otherwise registered with us to report use tax.

*Please note:* Gross receipts are the total of all receipts from both in-state and out-of-state business operations.

## What are my obligations once I am registered?

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

## What is the due date of my return?

The return along with payment is generally due by April 15 of the following calendar year. If the due date falls on a weekend or holiday, the due date is extended to the next business day. *Example:*

- April 15, 2022, for calendar year 2021 purchases.
- April 17, 2023, for calendar year 2022 purchases.

Once you are registered with us, we 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 selecting [Register a New Business Activity](#). You can also register to report use tax in person at any of our [offices](#).

If you need assistance, contact 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.

## 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](#).

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

Yes. We will assess a ten percent penalty for all late returns filed, and interest will accrue for each month, or fraction of the month, until we receive full payment of the tax.

We may grant relief from penalty charges and the Collection Cost Recovery Fee (CRF), if we determine that you did not file a timely return or payment due to reasonable causes and circumstances beyond your control. We may relieve interest under certain circumstances, as discussed in [publication 75](#), *Interest, Penalties, and Collection Cost Recovery Fees*. You may request relief from interest, penalty, or the CRF through our online services. For additional information, please see our [Online Services](#) guide and select the [Request Relief](#) tab.

## Does 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](#).