



Online Services Expanding in August 2019

On August 12, 2019, the CDTFA will launch new online services to include the following tax and fee programs:

- Alcoholic Beverage Tax
- Cigarette and Tobacco Products Tax
- Cigarette and Tobacco Products Licensing (Distributors, Importers, Manufacturers, and Wholesalers)
- Fuel Taxes (Aircraft Jet Fuel, Diesel Fuel, including Interstate User Diesel Fuel Tax, International Fuel Tax Agreement (IFTA), Motor Vehicle Fuel, and Alternative Use Fuel)
- Oil Spill Response, Prevention & Administration Fees
- Timber Yield Tax
- Underground Storage Tank Maintenance Fee

How does this impact me?

Your return, report, schedule, or license/decal renewal will move to our new online services system. You will need to register for a *Username* and *Password*, and *your prior login information will not transition into the new system*.

If you already use our new system to file and have one of the account types listed above, but *do not* currently have a *Username* and *Password*, *Sign Up Now!* We mailed you a letter with the information you need to create your login.

What will I need to do?

You will be mailed a letter with time-sensitive information to help you obtain a *Username* and *Password* beginning on or after August 12, 2019.

Ensure we have your current email and mailing address by contacting us via email at STFRegUpdates@cdtfa.ca.gov or by calling our Customer Service Center at 1-800-400-7115 (TTY:711), then select the *Special Taxes and Fees* option and follow the prompts. Customer service representatives are available Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.

System Shutdown Times – August 2019

Due to our online services system expansion, our online services will be shut down beginning August 6 at 3:00 p.m., until August 12, at 12:00 p.m. Watch for important information on our website with the down time for your specific tax or fee program.

New Sales and Use Tax Rates – Effective July 1, 2019

The tax rate changes listed below apply only within the indicated city or county limits. The new tax rates, tax codes, and acronyms will be available to view and download as a spreadsheet prior to July 1, 2019, on our webpage [California City & County Sales & Use Tax Rates](http://www.cdtfa.ca.gov). Go to our website at www.cdtfa.ca.gov and select *Tax and Fee Rates*, then choose *Sales and Use Tax Rates* (scroll down to *Download* for the spreadsheet).

To find the specific tax rate for your area or business location, go to the [California City & County Sales & Use Tax Rates](http://www.cdtfa.ca.gov) webpage and select *Find a Sales and Use Tax Rate by Address* under the *Current Tax Rates* section. You can also call our Customer Service Center at 1-800-400-7115 (TTY:711). Customer service representatives are available to assist you Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.

DISTRICT TAX RATE INCREASING

Citywide	New Code	Acronym	Prior Rate	New Rate
City of Glendora (located in Los Angeles County)	752	GLDA	9.500%	10.250%
Countywide	New Code	Acronym	Prior Rate	New Rate
San Mateo County (This rate applies in all unincorporated areas and in incorporated cities that do not impose a district tax.)	743	SMTD	8.750%	9.250%
City of Belmont	745		9.250%	9.750%
City of Burlingame	746		9.000%	9.500%
City of East Palo Alto	747		9.250%	9.750%
City of Redwood City	748		9.250%	9.750%
City of San Mateo	749		9.000%	9.500%
City of South San Francisco	750		9.250%	9.750%

New Use Tax Collection Requirements for Remote Sellers and New District Use Tax Collection Requirements for All Retailers – Effective April 1, 2019

The Governor recently signed into law *Assembly Bill (AB) 147* (Stats. 2019, ch. 5). AB 147 requires:

- Retailers located outside of California (remote sellers) to register with the 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 retailer¹ exceed \$500,000, and
- All retailers required to be registered with the CDTFA, whether located inside or outside of California, to collect and remit to the CDTFA district use tax on all sales made for delivery in any district that imposes a district 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.

For more information

You can find our online guide, *Use Tax Collection Requirements Based on Sales into California Due to the Wayfair Decision*, on our website at www.cdtfa.ca.gov/industry/wayfair.htm. The guide includes a *California Tax Matrix for Remote Sellers* to assist you in determining if your sales to California are subject to tax.

¹ 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.

New Tax Rates for Motor Vehicle and Diesel Fuels – Effective July 1, 2019 through June 30, 2020

Sales and Use Tax Rates		
Type of Fuel	Prepayment Per Gallon	Sales and Use Tax Rates*
Gasoline (motor vehicle fuel)	6 cents (\$0.06)	2.25%
Aircraft jet fuel	10.6 cents (\$0.106)	7.25%
Diesel fuel	32 cents (\$0.32)	13.0%
Aviation gasoline	Not Applicable	Not Applicable

*You must add district taxes where applicable. District tax rates for your area are available on the California Department of Tax and Fee Administration (CDTFA) website at www.cdtfa.ca.gov/formspubs/cdtfa105.pdf.

Excise Tax Rates Per Gallon		
Type of Fuel	Through June 30, 2019	Effective July 1, 2019
Gasoline (motor vehicle fuel)	41.7 cents (\$0.417)	47.3 cents (\$0.473) ¹
Aircraft jet fuel ²	2 cents (\$0.02)	2 cents (\$0.02)
Diesel fuel	36 cents (\$0.36)	36 cents (\$0.36)
Aviation gasoline ²	18 cents (\$0.18)	18 cents (\$0.18)

¹ Pursuant to Revenue and Taxation Code section 7360(b)(5), the annual revenue neutrality rate adjustment shall cease beginning July 1, 2019, and the full rate imposed by paragraph (b)(1) shall be imposed. ² Excise taxes on aircraft jet fuel and aviation gasoline are not subject to an annual adjustment.

How are the sales tax prepayment rates determined?

The prepayment rate for each gallon of gasoline, aircraft jet fuel, and diesel fuel is calculated at 80 percent of the combined state and local sales tax on the average selling price of the fuel, excluding sales tax, as reported by industry publications. By March 1 of each year, the CDTFA is required to establish the sales tax prepayment rates. The CDTFA may adjust these rates during the year if changes in fuel prices cause fuel retailers to prepay too much or too little tax. The CDTFA will notify you by special notice if this occurs.

Do You Need a California Battery Fee or Manufacturer Battery Fee Account?

As of April 1, 2017, two fees are imposed on the sale of lead-acid batteries in California: a \$1 California battery fee and a \$1 manufacturer battery fee. If you are a dealer (retailer), manufacturer, or importer of lead-acid batteries (commonly found in vehicles) for sale in California, you may need a California battery fee and/or manufacturer battery fee account with the CDTFA.

California battery fee account

If you make retail sales of replacement lead-acid batteries in California, you may be required to register for a California battery fee account, and collect and remit the \$1 California battery fee to the CDTFA. Retailers may retain 1.5 percent of the fee collected as reimbursement for any costs associated with the collection of the fee. Manufacturers who make retail sales of lead-acid batteries in California directly to consumers must also register for a California battery fee account.

Manufacturer battery fee account

If you manufacture and sell lead-acid batteries either at retail in California, or to a dealer (retailer), wholesaler, distributor, or other person for retail sale in California, you may need to register for a manufacturer battery fee account. Manufacturers of lead-acid batteries may be required to collect and remit the \$1 manufacturer battery fee to the CDTFA. The fee is due on each lead-acid battery sold to a person at retail in California, or sold to a dealer, wholesaler, distributor, or other person for retail sale in California.

Please note that “manufacturers” discussed above include retailers that import lead-acid batteries into California from manufacturers that are not subject to California jurisdiction.

Visit our [Lead-Acid Battery Fees Guide](#) for more information about the fees and how to register.

California Internet Sellers of Nicotine or Vape Products Containing Nicotine Must Hold a Cigarette and Tobacco Products License

If you are an online or Internet retailer based in California selling nicotine products, such as electronic cigarettes or vape pens sold with nicotine, eLiquid or vape juice containing nicotine, cigarettes, or other tobacco products to consumers in California, you are required to hold a Cigarette and Tobacco Products Retailer License. Additionally, if you sell these products as a distributor or wholesaler in California, you are required to hold either a Cigarette and Tobacco Products Distributor License or Wholesaler License. Furthermore, if you sell these products to consumers in California by mail, telephone, Internet, not being in the physical presence of the consumer, or any other type of non-face-to-face manner, you are required to hold a Cigarette and Tobacco Products Retailer License.

Retailers and wholesalers must purchase all of their nicotine products, cigarettes, and other tobacco products from California licensed cigarette and tobacco products wholesalers and/or distributors and the excise tax must be paid by the licensed distributor. Retailers and wholesalers cannot purchase, sell, or be in possession of untaxed nicotine, (unstamped) cigarettes, or other tobacco products.

Prior to making the sale, and delivery of, the cigarette or tobacco products to consumers in California, you must verify that your customers are 21 years or older. Customers who are U.S. Armed Forces active duty personnel with military ID must be at least 18 years of age. See our *Tax Guide for Cigarette and Tobacco Products* at www.cdtfa.ca.gov/industry/cigarette-and-tobacco-products.htm for more information about the types of licenses you may need.

Message from the Taxpayers' Rights Advocate

The dedicated team in the Taxpayers' Rights Advocate (TRA) Office stands ready to assist taxpayers and fee payers when they are unable to resolve matters through normal channels.

Anyone with ideas, suggestions, or concerns about the administration and oversight of California's business taxes is invited to attend CDTFAs' annual Taxpayers' Bill of Rights meeting. The 2019 Taxpayers' Bill of Rights meeting will be held on July 25, in Sacramento. The meeting will begin at approximately 9:00 a.m.

Although you are not required to make advance arrangements to speak, it will help us to prepare if you contact the TRA Office at 1-888-324-2798 or via email at www.cdtfa.ca.gov/email beforehand to let us know your topic. You are welcome to submit written comments for the public record without appearing at the meeting. To learn more about the meeting, please visit the CDTFAs' Taxpayers' Bill of Rights Meetings webpage at www.cdtfa.ca.gov/tra/tbor-meetings.htm.

For more information

If you have additional questions regarding this notice, you may call our Customer Service Center at 1-800-400-7115 (TTY:711). Customer service representatives are available Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.

Fuel Sold With New and Used Motor Vehicles

When selling new or used vehicles, many dealerships will sell the vehicle with a full tank of gas. The fuel in the tank at the time of sale is considered part of the sale of the vehicle. Depending on how the gasoline is purchased, you may be entitled to claim a sales tax deduction when the vehicle is sold.

- If you did not pay sales tax when you purchased gasoline that goes into the fuel tank of the vehicles you sold, no further action is required. *Please note:* If the gasoline is used for other purposes, you will need to pay the use tax.
- If you paid sales tax when you purchased the gasoline that goes into the fuel tank of the vehicles you sold, you may claim a *tax paid purchases resold* deduction on your sales and use tax return in the same period the sale was reported. *Please note:* No deduction shall be claimed on gasoline that is used for other purposes.

The sales tax rate for Motor Vehicle Fuel is different from the sales tax rate for other sales of tangible personal property. As an example, the components for standard and Motor Vehicle Fuel (MVF) sales tax rates for Los Angeles County are as follows:

L.A. County Standard Sales Tax Rate

7.25% (State)
2.25% (District)
9.50%

L.A. County MVF (gasoline) Sales Tax Rate

2.25% (State)
2.25% (District)
4.50%

Example:

Your dealership is located in West Covina (Los Angeles County). In May 2019, at a gas station, you purchased gasoline that went into the tank of vehicles sold and you paid a total of \$30. The \$30 total includes tax, so you have to remove the tax paid from the cost of the gasoline purchased using the formula below when calculating your tax paid purchases resold deduction.

Formula: Total cost/(Tax Rate +1)

Tax Paid Purchases Resold Deduction: (\$30/1.045): \$28.70

In this example, you may claim a Tax Paid Purchases Resold deduction of \$28.70.

If you have any questions regarding this exemption, please visit our website at www.cdtfa.ca.gov to review [Regulation 1700](#), Reimbursement for Sales Tax, and [publication 34](#), *Motor Vehicle Dealers*.

Is the Delivery Charge Taxable?

It is important for a business to know whether the charges for delivery, shipping, and handling are taxable. The following will give you a better understanding of the taxability of delivery-related charges.

When is a delivery-related charge not taxable?

- The sale is not a taxable transaction; or
- You ship directly to your customer by common carrier, your invoice clearly lists delivery, shipping, freight, or postage as a separate charge and the charge is not greater than your actual cost for delivery to customer. The charge will be taxable, if you fail to maintain records that show the actual cost of the delivery.

When is a delivery-related charge partially taxable?

The sale is a taxable transaction; and either

- a.) You ship directly to your customer by common carrier, your invoice clearly lists delivery, shipping, freight, or postage as a separate charge and the charge to the customer for delivery is greater than your actual shipping cost. The excess charge or markup that is greater than the actual delivery cost is subject to tax; or
- b.) You make one combined charge for “shipping and handling” or “postage and handling.” In this instance, the “handling” portion is subject to tax.

When is a delivery-related charge generally taxable?

- The sale is a taxable transaction; and
- You do not keep records that show the actual cost of the delivery; or
- You deliver merchandise with your own vehicles; or
- You make a charge for fuel surcharge or “handling” that is separately stated; or
- The delivery charge is included in the unit price of the item sold; or
- The charge to your customer represents the cost of shipping the merchandise to your place of business; or
- You make a sale for a delivered price (sales agreement specifies that delivery is included in the sales price, whether the delivery charge is listed separately, included in per-item cost, or listed as “freight prepaid”).

Additional information may be obtained in [Regulation 1628](#), *Transportation Charges*, and [publication 100](#), *Shipping and Delivery Charges*.

Mission: We make life better for Californians by fairly and efficiently collecting the revenue that supports our essential public services.

About the CDTFA: The California Department of Tax and Fee Administration (CDTFA) administers California's sales and use, fuel, tobacco, alcohol, and cannabis taxes, as well as a variety of other taxes and fees that fund specific state programs. CDTFA-administered programs account for over 25 percent of all state revenue. California's essential services, such as public safety, transportation, health, libraries, schools, social services, and natural resource management programs, are directly supported by these taxes and fees.

Tax programs administered by the CDTFA are concentrated in two general areas – sales and use tax, and special taxes and fees.

To best serve our taxpayers, the CDTFA has offices throughout the state along with offices located in New York, Chicago, and Houston. While the CDTFA team is spread out geographically, we are united in working together to accomplish our mission.

For More Information

All telephone numbers are toll-free.

Internet

www.cdtfa.ca.gov

www.taxes.ca.gov

Customer Service Center

1-800-400-7115

(TTY:711)

Seller's Permit Verification

1-888-225-5263

www.cdtfa.ca.gov

Taxpayers' Rights Advocate

1-888-324-2798

www.cdtfa.ca.gov/tra

Tax Evasion Hotline

1-888-334-3300

State Legislation

<https://leginfo.ca.gov>

[ca.gov](https://leginfo.ca.gov)

More Articles Available Online

There are occasions when we have more articles than we have space for in this print version of the *Tax Information Bulletin*. The additional articles are available online at www.cdtfa.ca.gov/taxes-and-fees/tax-bulletins.htm.

New and Revised Publications Available Online

For new and revised publications, see our website at

[www.cdtfa.ca.gov/](http://www.cdtfa.ca.gov/formspubs/pubs.htm)

[formspubs/pubs.htm](http://www.cdtfa.ca.gov/formspubs/pubs.htm).

