

# **DO YOU BUY THINGS ON THE INTERNET? YOU MAY OWE THE STATE OF CA MONEY**

If you, even as an individual, purchase merchandise or products from a company or person outside the State of California, and bring that product into California, you may owe California Use Tax. This includes purchases made while sitting on your couch, using your laptop, wearing your favorite slippers.

## **What Is California Use Tax?**

Use Tax is like Sales Tax. However, you pay the tax directly to the state rather than to Wal-Mart who then pays the State.

## **How Do I Know If I Owe California Use Tax?**

You owe use tax if what you purchased out of state or over the Internet would have been taxed at your local store here in California. If the vendor, or seller, does not collect California Sales Tax at purchase, you, the purchaser, must pay the tax directly to the State.

## **How Do I Purchase Items Subject To The Use Tax?**

Most people become subject to the Use Tax by making Internet Purchases, Foreign Purchases, Shopping Channel Purchases, and Mail-Order Purchases.

## **What Items Are And Aren't Subject To Sales And Use Tax?**

### **Subject To Tax:**

Some examples are clothing, CDs, books, computers, cameras, electronic equipment, toys, household items, makeup, jewelry, computer programs shipped on a disc, other tangible personal property, and more.

### **Not Subject To Tax:**

Some examples, are music or other media downloaded over the Internet, Software transferred over the Internet and nothing is mailed to you, prescription drugs, newspapers, magazines, most food items, items where the seller adds California Sales Tax to the purchase, and a few other nontaxable items.

## **What If I Bought Items Out Of State and Paid That State's Sales Tax?**

You must still pay the California Use Tax, but you get a credit for the tax paid to another state. Therefore, you only pay the difference between the California Use Tax and what you already paid to another State.

## **How Do I Pay The Use Tax?**

- 1) Pay the tax on your California Income Tax Return. If you wish to do that, please provide us the total amount of purchases subject to Use Tax during the year and any Sales Tax paid to other States.
- 2) Most clients prefer to go to the internet and download Form BOE-401-DS at <http://www.boe.ca.gov/sutax/staxformsa.htm>